DOCUMENT RESUME

ED 452 351 CE 081 555

AUTHOR	Stuiber, Paul; Lecoanet, Robin; Lathrop, Jessica; Miller, David; Russell, Matthew; Schoenbrunn, Rob; Smith, Joshua; Specht, Christine
TITLE	Wisconsin Works (W-2) Program, Department of Workforce Development: An Evaluation.
INSTITUTION	Wisconsin State Legislative Audit Bureau, Madison.
REPORT NO	WLAB-01-7
PUB DATE	2001-04-00
NOTE	218p.
AVAILABLE FROM	Wisconsin State Legislative Audit Bureau, 22 E. Mifflin St., Suite 500, Madison, WI 53703; Tel: 608-266-2818; e-mail: Lacleric@legis.state.wi.us. For full text: http://www.legis.state.wi.us/Reports/01-7full.pdf.
PUB TYPE	Numerical/Quantitative Data (110) -- Reports - Evaluative (142)
EDRS PRICE	MF01/PC09 Plus Postage.
DESCRIPTORS	Adults; Employment Opportunities; *Employment Programs; Employment Services; *Income; *Job Placement; Job Search Methods; Job Training; Low Income Groups; *Program Effectiveness; Program Implementation; Services; *State Programs; Supported Employment; *Welfare Recipients
IDENTIFIERS	Self Sufficiency; Welfare to Work Programs

ABSTRACT

Wisconsin Works (W-2) is a time-limited employment assistance program that, in September 1997, replaced cash entitlements provided to low-income families under Aid to Families with Dependent Children. W-2 provides subsidized or unsubsidized placements for participants, based upon their level of preparedness for employment. Participants in both types of placements can receive program services to assist them in finding or retaining employment, increasing their skills or wages, and overcoming barriers to employment (such as mental health problems and substance abuse), as well as health care, food stamps, and subsidized child care. Implementation of W-2 has resulted in large declines in the number of individuals receiving cash assistance. From January 1998 through September 2000, cash assistance caseloads declined more than 50 percent, from 14,204 to 6,771 cases. However, the program's success in achieving economic self-sufficiency for participants has been mixed. Among 2,129 participants who left W-2 during the firsts 3 months of 1998, 1,377 filed 1999 Wisconsin tax returns. Of those who filed, 643, or 47 percent, had incomes above the federal poverty level when earned income tax credits were included. In addition, 26 percent of those who left the program from January through March of 1998 had returned for cash assistance or other services by July 2000. Legislative challenges to be considered before the next contract period for W-2, which begins in January 2002, include the problem of returning participants and those with multiple or severe barriers to employment; how to best address the needs of those who are nearing time limits on program participation; and how to assist individuals who have entered the work force in maintaining their employment, advancing, and raising themselves and their families out of poverty. (Fifteen appendixes provide statistical information about the W-2 program and a response to the study from the Wisconsin Department of Workforce Development.) (KC)

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ED 452 351

AN EVALUATION

Wisconsin Works (W-2) Program

Department of Workforce Development

01-7

April 2001

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April 10, 2001

Senator Gary R. George and
Representative Joseph K. Leibham, Co-chairpersons
Joint Legislative Audit Committee
State Capitol
Madison, Wisconsin 53702

Dear Senator George and Representative Leibham:

We have completed our evaluation of the Wisconsin Works program (W-2), as required by s. 49.141(2g)(a), Wis. Stats. This is the sixth and final report issued under that requirement.

W-2 is a time-limited employment assistance program administered by the Department of Workforce Development. It replaced cash entitlements provided to low-income families under Aid to Families with Dependent Children in September 1997. Through September 2000, W-2 program costs totaled $710.4 million, of which 93.6 percent was spent by local public and private contractors for program services, benefits, and administration.

Implementation of W-2 has resulted in large declines in the number of individuals receiving cash assistance. From January 1998 through September 2000, cash assistance caseloads declined more than 50 percent, from 14,204 to 6,771 cases. However, the program's success in achieving economic self-sufficiency for participants has been mixed. Among 2,129 participants who left W-2 during the first three months of 1998, 1,377 filed 1999 Wisconsin tax returns. Of those who filed, 643, or 46.7 percent, had incomes above the federal poverty level when earned income tax credits were included. In addition, we found that 26.1 percent of those who left the program from January through March of 1998 had returned for cash assistance or other services by July 2000.

Before the start of a new contract period, which is scheduled to begin January 2002, the Department and the Legislature will need to consider challenges posed by returning participants and those with multiple or severe barriers to employment; how to best address the needs of those who are nearing time limits on program participation; and how to assist individuals who have entered the workforce in maintaining their employment, advancing, and raising themselves and their families out of poverty.

We appreciate the courtesy and cooperation extended to us by the Department of Workforce Development and staff of the many W-2 agencies we contacted during the course of our review. The Department's response is Appendix 15.

Respectfully submitted,

Janice Mueller
State Auditor

JM/PS/ao

Summary

The Wisconsin Works program, more commonly known as W-2, was created by 1995 Wisconsin Act 289 to help participants achieve economic self-sufficiency through employment. It took effect statewide in September 1997. W-2 participants, who are primarily women with dependent children, are not entitled to cash benefits as they would have been under Aid to Families with Dependent Children (AFDC). Instead, they earn wages or receive cash grants and other program services based on their employment status. Through September 2000, W-2 program costs have totaled $710.4 million and have been funded by state general purpose revenue and federal Temporary Assistance for Needy Families (TANF) block grant funds. This evaluation of the history and effectiveness of the W-2 program is the sixth and last in a series of reports we have conducted, as required by Wisconsin law.

Program participants receive services from counties, private agencies, and tribes under the terms of contracts the agencies signed with the state agency responsible for administering W-2, the Department of Workforce Development (DWD). To receive cash benefits under W-2, applicants must meet two financial eligibility requirements:

- the family gross income must be at or below 115 percent of the federal poverty level, which is currently $16,825 for a family of three; and

- the family must have assets at or below $2,500, excluding the combined equity of vehicles valued at up to $10,000 and one home that serves as the homestead.

W-2 participants are assigned to either subsidized or unsubsidized placements, based upon their level of preparedness for employment. Subsidized placements include:

- transitional placements, which provide work practice and training for participants who are unable to perform independent, self-sustaining work or work associated with community service or trial jobs, and for which the monthly benefit is a cash grant of $628;

- community service jobs, which provide work experience and training to participants who are able to perform some job duties and are expected to eventually move into trial jobs or unsubsidized employment, and for which the monthly benefit is a cash grant of $673; and

- trial jobs, which provide work experience and training and may become permanent, unsubsidized positions, and for which the participant earns not less than the state or federal minimum wage for every hour worked, and the employer receives a subsidy of no more than $300 per month for each participant who works full-time.

In addition, custodial parents of infants are not required to work outside of the home until the infants are older than 12 weeks. They receive a monthly cash grant of $673.

Participants in unsubsidized placements earn market wages and do not receive additional cash benefits. However, participants in both subsidized and unsubsidized placements are eligible to receive program services that are intended to assist them in finding or retaining employment, increasing their skills or wages, and overcoming barriers to employment that can include mental health problems and substance abuse. In addition, most participants are also eligible for services through other public assistance programs, including health care through Medical Assistance, food stamps, and subsidized child care through the Wisconsin Shares program.

In general, W-2 participants who are ready for unsubsidized employment receive fewer services than those who have more barriers to employment and who remain in the program for a longer period of time. However, the type and amount of services provided to participants varies from agency to agency.

Of all the services provided, only employment search services were provided to more than half of all those served by W-2 agencies in 2000: a total of 21,497 individuals, or 61.0 percent of those enrolled in either W-2 or the Food Stamp Employment and Training (FSET) program, whose participants are also served by W-2 agencies under their contracts with the State, searched for employment with the assistance of a W-2 agency. The only other services that were provided to more than 20 percent of all participants were adult basic education, which was provided to 31.6 percent of all participants, and motivational training, which was provided to 25.1 percent.

It was expected that caseloads would decline in the transition from AFDC to W-2, but they did so much faster than had been projected. In three years, the decline was 50.9 percent, from 22,761 in September 1997 to 11,171 in September 2000. The most significant decline has been in the cash benefit caseload; that is, among participants in the program's three categories of subsidized job placement—transitional placements, community service jobs, and trial jobs—and custodial parents of infants. In contrast to the decline in the number of individuals receiving cash benefits, the number receiving case management services—such as education and training services, counseling, and various assessment services—has generally increased since the beginning of the program. In September 2000, 4,400 participants received case management but not cash assistance.

During the program's initial contract period, from September 1997 through December 1999, a total of $651.5 million was budgeted for W-2, and $413.6 million was spent. Approximately 50 percent of the funds the local agencies received was spent on services for program participants, 40 percent for the payment of cash benefits, and almost 10 percent for administration. However, a controversial aspect of local administration of the program during the initial contract period was the agencies' ability to retain a portion of unspent contract funds as profits.

Largely because of the unanticipated decline in caseloads, $237.9 million in funds that had been contracted remained unspent. Contracts called for the majority of the unspent funds to be returned to the local agencies, which were allowed to retain a portion of these funds as unrestricted profits that could be spent for a variety of purposes, and as restricted profits, known as community reinvestment funds, that must be spent on TANF-eligible individuals.

Under the terms of the initial implementation contracts, W-2 agency profits totaled $65.1 million. The agency with the largest profit—Employment Solutions, Inc., a private agency serving a portion of Milwaukee County—received $9.5 million. The agency with the smallest profit—Pepin County—received $42,071. Private agencies are not under any contractual or legal obligation to disclose the way in which their unrestricted profits were used.

In site visits to 17 public and private agencies, we asked about profit use. We found that most public agencies reported using their profits to offset county property tax levies or to provide various services to low-income residents. The private agencies' uses of profits varied, but some profits were used to expand businesses serving low-income persons or for a variety of education and training activities.

Community reinvestment funds earned by W-2 agencies under the initial implementation contracts totaled $83.4 million. These funds may be used to provide services to families whose incomes are below 200 percent of the federal poverty level, which is currently $29,260 annually for a family of three. The allowable uses of community reinvestment funds are numerous and include supplementing agency budgets under the current implementation contracts, providing transportation services, providing counseling services not covered by Medical Assistance, and expanding services to address cultural and language barriers. Marinette County has spent all of its community reinvestment funds, while 15 agencies reported no expenditures through September 2000. Overall, W-2 agencies spent $14.2 million, or 17.0 percent of the community reinvestment funds they received under their initial implementation contracts, through September 2000. Two private W-2 agencies in Milwaukee County—Employment Solutions and Opportunities Industrialization Center of Greater Milwaukee—have agreed to provide a portion of their community reinvestment funds, $3.8 million and $300,000, respectively, to Milwaukee County.

In order to improve agency performance, and in response to concerns about the $65.1 million of profits paid, DWD developed seven performance standards for the current contract period with the intention of ensuring monetary incentives are related to performance and not the level of unspent funds. Further, DWD and the Legislature reduced amounts provided in the current contract period to reflect lower-than-anticipated caseloads and the shorter time period of the contracts. Current W-2 contracts, which began on January 1, 2000 and are effective through December 31, 2001, total $369.3 million. During this period, up to $25.9 million will be available to local agencies for performance bonuses if the performance measures are met. In March 2001, DWD announced that all but two agencies—Bayfield and Menominee counties—were meeting or exceeding base-level performance measures.

To evaluate the program's effectiveness in meeting its primary objective—helping participants achieve self-sufficiency though employment—we reviewed the income of all participants who left the program in the first quarter of 1998 and, with the assistance of the Department of Revenue, matched this population with those who filed 1999 Wisconsin income tax returns. During the first quarter of 1998, 2,129 participants left the W-2 program. Of this group, 64.7 percent filed 1999 Wisconsin income tax returns. The average income reported by the former W-2 participants was $11,988.

When only this income is considered, 33.8 percent of these filers were above the federal poverty level for their respective family size, while 66.2 percent were below it. However, the incomes of many former W-2 participants who filed 1999 tax returns were enhanced by receipt of state and federal earned income tax credits. If the value of these credits is included, 46.7 percent of former W-2 participants were above the federal poverty level in 1999. It should be noted, however, that this figure does not take into account the more than one-third of our original sample who did not file tax returns. Those who did not file presumably were not required to do so based on their limited income, because they were no longer Wisconsin residents, because they became eligible for Supplemental Security Income, or because they were supported a spouse or other adult in the household.

The highest average incomes were reported by former W-2 participants who received only case management services before obtaining unsubsidized employment. Maximus, a private agency serving a portion of Milwaukee County, and Brown County had the largest percentage of former participants above the poverty level at 55.3 percent and 53.3 percent, respectively, when the value of state and federal earned income tax credits was included.

Despite the significant decline in the program's caseload, there are indications that at least a portion of former participants are returning to W-2. DWD officials indicate that the extent to which participants return to the program may not be a good measure of success because the program is designed to encourage employment, and returning to the program for services may assist participants in achieving the long-term goal of economic self-sufficiency. However, analyzing changes in the number of returning participants over time, the frequency with which they return, and the reasons for which they originally left provide information useful in assessing program effectiveness, as well as improving service delivery. Furthermore, an understanding of the characteristics of returnees may be useful in modifying the program to address new or special participant needs that present barriers to employment.

By July 2000, 26.1 percent of 2,129 former participants who had left the program during the first three months of 1998 participated again in reopened cases. The percentage of participants who returned through July 2000 ranged from a high of 43.3 percent for Opportunities Industrialization Center of Greater Milwaukee, a private agency, to a low of 7.7 percent for Sawyer County. Of the 555 cases that were reopened, 409, or 73.7 percent, returned in a subsidized job placement, while 146, or 26.3 percent, returned in an unsubsidized placement in order to receive case management services. Milwaukee County had a greater percentage of returning participants than the balance of state.

In July 2000, Milwaukee County accounted for 85.2 percent of all returning participants statewide. Returning participants had been 2.7 percent of all Milwaukee County participants in July 1998 but were 42.4 percent of all Milwaukee County Participants by July 2000. In the rest of the state, returning participants increased from 9.7 to 25.0 percent of all W-2 participants.

W-2 agencies also exercise considerable discretion in sanctioning participants' cash benefits if they miss work or fail to participate in a required activity without good cause. The percentage of participants sanctioned has decreased from 31.4 percent of the statewide caseload in October 1999 to 21.1 percent in December 2000. However, in Milwaukee County the sanction rate has consistently been approximately 10 percentage points higher than in the balance of the state. Four of the five agencies serving Milwaukee County sanctioned more than 20 percent of participants receiving cash assistance from October 1999 through December 2000.

W-2 was designed to provide individual W-2 agencies the flexibility they need to modify the type of services they provide and the manner in which services are provided. However, the wide variation in the number and amount of sanctions raises concerns about the equitable treatment of participants. Further, we found several instances of sanctions being inappropriately applied: at least 35 participants who were the custodial parents of infants were inappropriately sanctioned from July through December 2000 because of errors made by local W-2 agencies. Maximus and Employment Solutions issued the largest inappropriate sanctions to new mothers, representing more than one-third of these participants' full monthly benefit of $673. DWD is in the process of attempting to identify other instances in which inappropriate sanctions were imposed and ensuring W-2 agencies issue supplemental payments to those affected.

Program participants and applicants can follow a fact-finding and appeal process if they wish to have their eligibility or benefit decisions reviewed. The majority of requests for findings of fact have been related to employment issues, such as disputes about participation in an assigned W-2 activity. We analyzed data for all fact-finding requests since they have been collected and found decisions by W-2 agencies were fairly evenly divided between those in favor of the petitioner and those in favor of the agency. Most fact-finding requests—approximately 90 percent—were made by Milwaukee County participants.

Both participants and W-2 agencies may appeal fact-finding decisions. We reviewed all cases that were appealed to the Department of Administration's Division of Hearings and Appeals. Through December 2000, 216 cases were appealed, and hearing officers decided in favor of the applicant or participant 69.9 percent of the time. The percentage of Milwaukee County cases found in favor of the participants was 78.7 percent, compared to 51.0 percent for the balance of the state. This may suggest that hearing officers believed fact-finding decisions have incorrectly favored the W-2 agencies more often in Milwaukee County than elsewhere in the state.

We reviewed selected aspects of local agency administration of the W-2 program, including how local agencies are planning for those participants who are approaching state and federally imposed time limits placed on the receipt of W-2 services. Two separate provisions limit the length of participation in W-2: a 24-month limit within each of the three types of job categories, and a 60-month lifetime limit on receipt of program benefits. Through June 2000, 1,551 W-2 participants were approaching the 24-month limit. Through November 2000, 68 were approaching the 60-month lifetime limit, which will be reached in September 2001 for those who have been in the program since its inception. Extensions may be granted to these time limits, but agencies varied widely in how frequently they requested them. Milwaukee County agencies with the largest caseloads have requested extensions to time limits less frequently than other W-2 agencies. W-2 agencies outside of Milwaukee County requested extensions for 53.6 percent of their participants. In contrast, Milwaukee County agencies requested extensions for 13.4 percent of their participants.

Developing strategies to increase incomes above the poverty level for former W-2 participants, addressing the needs of returning participants, and responding to a possible downturn in the economy will all be important to ensuring the future success of the W-2 program. However, there are other challenges facing DWD and the Legislature, including overseeing the complex administration of the program in Milwaukee County, which has the highest caseload and the greatest number of agencies administering services. While a private agency, the Private Industry Council (PIC) of Milwaukee County, has been paid $5.7 million in program funds to provide monitoring and oversight services, the local W-2 agencies have generally been critical of its performance and, until recently, DWD provided it with little direction in fulfilling its responsibilities. The Governor's 2001-03 Biennial Budget Proposal includes $500,000 annually to continue the PIC's role in W-2 monitoring and oversight, and an additional $500,000 annually for unspecified oversight activities to be conducted by DWD or private contractors. The Legislature will need to determine the amount of funding it wishes to appropriate for monitoring and oversight responsibilities, and the role of DWD in ensuring effective use of these funds.

Several other issues will warrant legislative consideration, including:

- whether to modify proposed performance standards for the next contracts with W-2 agencies, which will run from January 2002 through December 2003, to best ensure bonuses are based on efforts to assist participants in attaining self-sustaining employment;

- whether the challenges posed by participants with barriers to employment, such as limited education or substance abuse problems, are being addressed adequately;

- how best to address the needs of participants who are nearing the time limits established for receipt of services;

- developing strategies to ensure all contract funds are spent appropriately;

- ensuring all participants are aware of and have access to other programs, such as Medical Assistance, the Food Stamp Program, subsidized child care, and other supportive services;

- determining whether to consolidate the contracts to administer the program in Milwaukee County to improve performance and provide administrative efficiencies; and

- how best to assist those who have entered the workforce but remain in poverty to become fully self-sufficient.

****

Introduction

The W-2 program attempts to help participants achieve self-sufficiency through employment.

The Wisconsin Works program, more commonly known as W-2, was created by 1995 Wisconsin Act 289 to help participants achieve economic self-sufficiency through employment. It took effect statewide in September 1997. W-2 participants, who are primarily women with dependent children, are not entitled to cash benefits as they would have been under Aid to Families with Dependent Children (AFDC); instead, they earn wages or receive cash grants and other program services based on their employment status. The program also provides job-search and other employment assistance, education and training, and help in overcoming barriers to employment. Its participants are eligible to receive additional benefits through Medical Assistance, the Food Stamp Program, and the State's subsidized child care program. There is a 60-month lifetime limit on program benefits under both federal and state law.

W-2 and programs that preceded it have served as prototypes for welfare reform nationally; influenced development of the federal Temporary Assistance for Needy Families (TANF) program, which replaced AFDC; and received the 1999 Innovations in American Government Award from the Ford Foundation and the Kennedy School of Government at Harvard University. W-2 is administered at the state level by the Department of Workforce Development (DWD) and locally by public and private contractors, who spent a total of $413.6 million in state and federal funds to implement the program from September 1997 through December 1999. Current W-2 contracts, which are effective through December 31, 2001, total $369.3 million.

This report is the sixth and last in a series evaluating the W-2 program, as required by s. 49.141(2g)(a), Wis. Stats. The others include a review of first-year W-2 expenditures (report 99-3); a report on the administration of W-2 by Maximus, Inc., a private contractor in Milwaukee County; an evaluation of the Food Stamp Program (report 00-8); a report on Wisconsin Shares, the State's child care subsidy program (report 01-1); and a report on the administration of W-2 by Employment Solutions, Inc., and 15 other agencies.

As part of our final evaluation under the statutory requirement, we reviewed:

- available data on program participants, including trends in program participation;

- program expenditures under both the initial implementation contracts that ended in December 1999 and the current contracts that expire in December 2001, including the development of performance bonuses that are linked to meeting specific standards;

- both the provision and the effectiveness of services under the first W-2 contracts, including wages paid to W-2 participants and the extent to which former participants remain in poverty;

- management oversight of the program; and

- funding and policy issues affecting the program that will require consideration by the Legislature and DWD.

In conducting this evaluation, we analyzed program budgets, expenditures, and caseload reports and interviewed officials and staff of DWD and W-2 agencies that administer the program locally. We also made site visits to 17 W-2 agencies, including all 5 of the agencies that administer the program in Milwaukee County. In addition, we reviewed surveys conducted by DWD and the University of Wisconsin-Extension concerning the status of individuals who left W-2, and we analyzed data from 1999 state income tax returns filed by former W-2 participants.

Program Funding

Through FFY 2001-02, approximately $317.0 million in federal block grant funds is available annually.

Before W-2 was implemented statewide in September 1997, the federal government replaced AFDC—which had served essentially the same population now served by W-2—with the TANF block grants that fund a significant portion of program costs. Under AFDC, Wisconsin had been reimbursed approximately 58 percent of program costs on a matching basis, with no limit on the amount of state expenditures eligible for reimbursement. In federal fiscal year (FFY) 1995-96, the last full year of AFDC, Wisconsin received $217.0 million in federal funds to support AFDC and the Job Opportunities and Basic Skills program, an employment and job training program for AFDC recipients. TANF legislation provides the State with the potential to obtain approximately $317.0 million in block grant funding for W-2 and other programs in each year of a six-year period that ends with FFY 2001-02. The other programs funded by TANF include child care subsidies; emergency assistance; and programs administered by the Department of Health and Family Services and other state agencies, such as Kinship Care, Head Start, child abuse and neglect prevention, and assistance for homeless persons.

Current GPR and federal funding for W-2 and other TANF-funded programs totals $485.9 million.

To receive these federal funds, the State must document that it has maintained the level of support provided in FFY 1993-94 under AFDC and related programs. However, this maintenance of effort funding level can be reduced if minimum work participation rates are met. DWD estimates the requirement for FFY 2000-01 to be approximately $168.9 million, which is funded primarily with general purpose revenue (GPR). This amount, combined with the $317.0 million in federal funds available each year, results in available funding of approximately $485.9 million for W-2 and other TANF-funded programs in FFY 2000-01.

Participant Eligibility and Characteristics

To receive cash benefits under W-2, applicants must meet two financial eligibility requirements:

- the family gross income must be at or below 115 percent of the federal poverty level, which is currently $16,825 for a family of three; and
- the family must have assets at or below $2,500, excluding the combined equity of vehicles valued at up to $10,000 and one home that serves as the homestead.

In addition, the applicant must:

- be a custodial parent who is 18 years of age or older;
- be a United States citizen or a qualifying alien;
- have residence in Wisconsin;
- cooperate with efforts to establish paternity for any minor child and to obtain support or other payments or property to which the applicant and any minor child may have rights;
- have made a good-faith effort to obtain employment; and
- not receive either Supplemental Security Income (SSI), state supplemental payments, or Social Security Disability Income (SSDI).

Employment placements may be either subsidized or unsubsidized.

W-2 participants are assigned to either subsidized or unsubsidized placements, based upon their level of preparedness for employment. Subsidized placements include:

- transitional placements, which provide work practice and training for participants who are unable to perform independent, self-sustaining work or work associated with community service or trial jobs, and for which the monthly benefit is a cash grant of $628;
- community service jobs, which provide work experience and training to participants who are able to perform some job duties and are expected to eventually move into trial jobs or unsubsidized employment, and for which the monthly benefit is a cash grant of $673; and
- trial jobs, which provide work experience and training and may become permanent, unsubsidized positions, and for which the participant earns not less than the state or federal minimum wage for every hour worked, and the employer receives a subsidy of no more than $300 per month for each participant who works full-time.

In addition, custodial parents of infants are not required to work outside of the home until their infants are older than 12 weeks. They receive a monthly cash grant of $673.

Participants are eligible for services through W-2 and other public assistance programs.

Participants in unsubsidized placements earn market wages and do not receive additional cash benefits. However, participants in both subsidized and unsubsidized placements are eligible to receive program services that are intended to assist them in finding or retaining employment, increasing their skills or wages, and overcoming barriers to employment that can include mental health problems and substance abuse. In addition, most participants are also eligible for services through other public assistance programs, including health care through Medical Assistance, food stamps, and subsidized child care through the Wisconsin Shares program.

In July 2000, 48.3 percent of W-2 participants had a high school education or more.

Since W-2 was created, the majority of participants have been women between 18 and 29 with limited education and an average of two children. As shown in Table 1, which profiles participants in July 2000, 39.0 percent of W-2 participants had a high school diploma or its equivalent, and 9.3 percent had some post-secondary education. Although most W-2 participants were also eligible for child care subsidies and services through Medical Assistance and the Food Stamp Program, the extent to which eligible participants received these

Table 1

Profile of W-2 Participants
July 2000

Description	Number	Percentage of Total
Age of Participants		
Under 18	2	< 0.1%
18 to 29	6,432	60.2
30 to 49	4,126	38.6
50 to 64	127	1.2
65 and Over	0	0.0
Total	10,687	100.0%
Gender of Participants		
Female	10,312	96.5%
Male	375	3.5
Total	10,687	100.0%
Ethnicity of Head of Assistance Group		
African American	6,056	56.7%
White	2,226	20.8
Other	1,265	11.9
Hispanic	879	8.2
Asian	131	1.2
American Indian	130	1.2
Total	10,687	100.0%
Eligibility for Support Services**		
Medical Assistance	10,419	97.5%
Food stamps	8,959	83.8
Child care subsidy	5,096	47.7

Description	Number	Percentage of Total
Level of Education		
No formal education	114	1.1%
Grade 8 or less	386	3.6
Some high school	5,030	47.0
High school*	4,168	39.0
Some post-secondary	989	9.3
Total	10,687	100.0%
Household Status		
One parent	10,454	97.8%
Two parents	167	1.6
Unknown	66	0.6
Total	10,687	100.0%
Assistance Group Size		
1 person	46	0.4%
2 persons	3,882	36.3
3 persons	3,205	30.0
4 or more persons	3,554	33.3
Total	10,687	100.0%
Disability Status		
Reported disability	278	2.6%
No reported disability	10,409	97.4
Total	10,687	100.0%

* Includes those who graduated from high school and those who have completed the equivalent of a high school education.

** For those individuals who requested their eligibility to be determined.

benefits is not known. However, nearly all W-2 participants are also enrolled in Medical Assistance.

Contracting with Local Providers

To implement W-2 on the local level, DWD entered into contracts with county social service agencies, private agencies, and tribes to provide services that include:

- an initial determination of each applicant's eligibility for W-2 and other assistance programs, along with an assessment of the type of W-2 placement through which each participant would best be served and other potential service needs;
- general employment-related services, such as assistance in searching for a job;
- education and training services, including adult basic education, job skills training, and related services; and
- additional assessment and counseling services, such as disability assessments, substance abuse counseling, and occupational counseling.

Contracts also cover the cash grants paid to participants assigned to community service and transitional placements, as well as to custodial parents of infants who are not required to work outside the home, wage subsidies for participants in trial jobs, and the agencies' administrative costs.

Five private agencies have contracted to administer W-2 in Milwaukee County.

In most counties, the social service agency has contracted with DWD to provide W-2 services. For those counties that did not meet performance standards or did not wish to become W-2 contractors, DWD developed a competitive process for awarding program implementation contracts. Milwaukee County, which has Wisconsin's largest public assistance caseload, did not meet eligibility standards related to the percentage of adult AFDC recipients working in unsubsidized employment and the percentage of adult AFDC recipients participating in the Job Opportunity and Basic Skills program, and chose not to compete with a number of private organizations for contract implementation. In 1997, DWD divided Milwaukee County into six regions to facilitate access to services and accepted bids to administer W-2 separately in each of the six regions. Five private agencies won those bids: Employment Solutions, Inc.; Maximus, Inc.; Opportunities Industrialization Center of Greater Milwaukee (OIC-GM); United Migrant Opportunity Services (UMOS); and YW Works.

DWD's start-up contracts with W-2 agencies included costs related to hiring and training staff, renting or purchasing facilities, developing a plan for moving participants from AFDC to W-2, developing procedures for resolving disputes between contractors and W-2 participants, and computer-related expenses. The start-up contracts were budgeted at $34.1 million during the six months before W-2 was implemented statewide in September 1997. A total of $31.3 million was spent on these activities through August 1998, the deadline for reporting allowable start-up expenditures.

The initial contract period was September 1997 through December 1999.

The initial implementation contracts covered the 28-month period from September 1997 through December 1999. During this period, a total of $651.5 million was budgeted and $413.6 million was spent by 75 contracted agencies, including:

- 58 county social service agencies;
- 13 private agencies, 4 of which were for-profit organizations, for administration of W-2 in Forest, Juneau, Kewaunee, Milwaukee, Oneida, Shawano, Vilas, Walworth, and Waukesha counties;
- 3 tribes—the Bad River and Lac du Flambeau bands of Chippewa and the Oneida Nation—that participated in the State's W-2 program; and
- 1 consortium of county social service agencies, for administration of W-2 in Grant, Green, Iowa, Lafayette, and Richland counties.

The current contract period is January 2000 through December 2001.

The current implementation contracts cover the 24-month period from January 2000 through December 2001. For this contract period, $369.3 million has been budgeted. Through September 2000, $121.4 million has been spent by 72 contracted agencies, including:

- 56 county social service agencies;
- 13 private agencies, 3 of which are for-profit organizations, for administration of W-2 in Florence, Forest, Juneau, Kewaunee, Milwaukee, Monroe, Oneida, Shawano, Vilas, Walworth, and Waukesha counties;
- 2 tribes—the Bad River Band of Chippewa and the Oneida Nation—that continued participating in the State's W-2 program; and

- 1 consortium of county social service agencies, for administration of W-2 in five counties—Grant, Green, Iowa, Lafayette, and Richland counties.

W-2 agencies provide services to participants directly through their own staff and by subcontracting with other organizations. DWD tracks expenditures for services by function but does not track expenditures based on who provided services. However, among the 17 W-2 agencies we visited during the course of our review, we determined that 13.2 percent of the $337.2 million these agencies spent under initial implementation contracts was for participant services provided by subcontractors. Two agencies recorded no expenditures for subcontracted services: Price County, and Forward Service Corporation, which served Vilas County. In contrast, 56 percent of Monroe County's $1.3 million in total expenditures was for subcontracted services. Information on each of the 17 agencies' program implementation efforts during the initial and current contract periods, including any expenditures for subcontracting, is included in agency profiles that are Appendix 1.

Types of Services Provided

In general, W-2 participants who are ready for unsubsidized employment receive fewer services than those who have more barriers to employment and who remain in the program for a longer period of time. However, the type and amount of services provided to participants varies from agency to agency. In addition, the W-2 services that participants receive may be supplemented by services they receive through other programs, such as Wisconsin's Workforce Attachment and Advancement program, which provides training to allow advancement into higher-paying jobs and helps employers retain workers and upgrade their skills, and the Workforce Investment Act, which consolidated several federal job training programs in order to increase the employment, job retention, earnings, and occupational skills of program participants.

The largest percentage of participants received employment search services

As shown in Table 2, only employment search services were provided to more than half of all those served by W-2 agencies in 2000: a total of 21,497 individuals, or 61.0 percent of those enrolled in either W-2 or the Food Stamp Employment and Training (FSET) program, searched for employment with the assistance of a W-2 agency. This is a 12.1 percent increase over the number who participated in an employment search in 1999, but 5.1 percent fewer than had participated in 1998. In addition, 25.1 percent of W-2 and FSET participants received motivational training, a 15.5 percent increase over the number receiving this training in 1999, and 13.9 percent more than had received this training in 1998.

Table 2

Types of W-2 Services
2000

Activity	Number Receiving Service*	Percentage Receiving Service
General Employment Services		
Employment search	21,497	61.0%
Motivational training	8,841	25.1
Education and Training Services		
Adult basic education	11,142	31.6
High school equivalency	6,412	18.2
Job skills training	4,867	13.8
Parenting and life skills	3,655	10.4
English as a second language	886	2.5
Driver education	186	0.5
Technical college courses**	99	0.3
Other post-secondary education	5	<0.1
Additional Assessment and Counseling Services* **		
Occupational assessment	3,990	11.3
Physical rehabilitation	3,896	11.1
Employment counseling	3,052	8.7
Disability assessment	2,771	7.9
Mental health counseling	2,129	6.0
Alcohol and other drug abuse counseling	899	2.6

* The number of individuals within each activity is unduplicated, although an individual may have participated in more than one activity.

** Began reporting this activity in March 2000.

*** Includes approved W-2 activities for increasing employability that may be paid for by other programs.

Contracts between DWD and the W-2 agencies require the agencies to provide services to FSET program participants, who may not be eligible for W-2 because they have no dependents but are required to work and attend training as a condition of receiving food stamp benefits. It should be noted that the needs of FSET and W-2 participants can be different.

For example, W-2 participants are more likely than FSET participants to:

- need additional training to become employable, largely because they often have less work experience;
- retain jobs for longer periods of time and change jobs less frequently;
- more actively engage in program activities and keep in contact with their caseworkers;
- have a formal education; and
- be interested in receiving job-related skills training or broad-based educational opportunities, rather than focused on finding immediate employment.

Education and training services were provided to smaller percentages of participants.

Educational services that were less directly related to employment, such as parenting and life skills or driver education training, were provided to a much smaller group of participants. In part, this is because W-2 agencies tend to focus on short-term training that is directly related to employment in order to satisfy federal TANF rules, which generally require any educational activities to contribute directly to a participant's employability. For example, as part of their participation requirements, individuals in community service jobs or transitional placements may be required to pursue high school equivalency degrees, enroll in technical college courses, or participate in adult basic education or English as a second language classes. In addition, participants in trial jobs or in unsubsidized positions may participate in such activities if a formal assessment determines they are in need of basic education and they wish to pursue it. However, only seven agencies provided technical college courses or other post-secondary education opportunities to more than 1 percent of their participants in 2000, and only Maximus enrolled more than 15 participants in these activities.

Some approved W-2 services are paid for by programs such as Medical Assistance.

Participants with personal barriers to employment, such as a disability or a substance abuse problem, are provided with additional assessment and counseling services, some of which may be approved as W-2 services but funded by other programs, such as Medical Assistance. Specialized assessment and counseling services such as substance abuse and mental health counseling, disability assessments, and physical rehabilitation services were provided to a relatively small group of program participants.

The mix of services provided by W-2 agencies varied greatly.

The mix of services provided by individual W-2 agencies also varied greatly. For example, Milwaukee agencies generally provided a greater percentage of their participants with adult basic education services, which seems appropriate given that the percentage of participants without a high school education was greater in Milwaukee County than in the balance of the state. As shown in Table 3, among the W-2 agencies with more than 350 participants in 2000, the percentage of participants receiving adult basic education services ranged from a low of 0.4 percent in Brown County to a high of 63.9 percent for OIC-GM. Similarly, while only 3.5 percent of participants were enrolled in high school equivalency programs in Kenosha County, and 18.2 percent were enrolled statewide, UMOS, which also serves Milwaukee County, provided high school equivalency training to 37.9 percent of its participants.

Relatively few W-2 participants received substance abuse and mental health counseling as part of approved W-2 activities.

Although far fewer participants received substance abuse and mental health counseling than educational services, there were still differences among agencies in the percentage of participants who received such counseling as part of approved W-2 activities. For example, 5.0 percent of participants in Dane County received substance abuse counseling funded by W-2 or another program, compared to less than 1 percent of participants in Brown, Kenosha, Racine, and Wood counties. Similarly, 12.2 percent of participants in Winnebago County received mental health counseling, compared to only 1.6 percent in Brown County. It is not possible to determine from available data whether such variation reflects differences in participants' needs, differences in assessment procedures, or funding decisions made by W-2 agencies.

It should also be noted that several W-2 agencies with fairly small caseloads were among the agencies with the largest percentage of participants enrolled in education and training activities statewide. For example:

- Fond du Lac County, with 247 participants, enrolled 28.3 percent in high school equivalency programs and 21.1 percent in job skills training;

- Marinette County, with 128 participants, enrolled 38.3 percent in job skills training and 28.1 in high school equivalency programs; and

- Marquette County, with 58 enrolled participants, assisted 81.0 percent in performing a job search, enrolled 50.0 percent in job skills training, and enrolled 41.4 percent in high school equivalency programs.

Appendices 2, 3, and 4 provide more detail on services provided to participants by each of the W-2 agencies statewide.

Table 3

Percentage of Participants Receiving Selected W-2 Services by Agency
2000

W-2 Agency	Adult Basic Education	High School Equivalency	Job Skills Training	Substance Abuse Counseling	Mental Health Counseling
Milwaukee					
Employment Solutions	53.3%	29.5%	15.8%	2.8%	5.4%
Maximus	37.2	18.3	13.8	3.3	5.3
OIC-GM	63.9	6.7	12.0	4.2	3.8
UMOS	20.3	37.9	14.2	2.0	6.6
YW Works	33.7	9.7	25.9	2.5	8.2
Balance of State					
Brown County	0.4	21.2	9.1	0.5	1.6
Dane County	21.8	13.2	13.8	5.0	8.6
Douglas County	3.6	7.1	16.3	1.6	9.8
Eau Claire County	4.1	8.2	11.2	2.5	1.9
Kenosha County	29.0	3.5	8.2	0.7	5.4
La Crosse County	4.5	11.1	1.3	1.8	3.3
Marathon County	5.1	22.9	2.9	1.9	6.4
Racine County	25.3	12.7	1.9	0.6	2.3
Rock County	4.0	22.7	19.8	1.3	6.7
Winnebago County	9.1	17.9	20.7	2.1	12.2
Wood County	1.6	16.6	4.1	0.3	6.3
Statewide	31.6	18.2	13.8	2.6	6.0

Trends in Program Participation

When W-2 began statewide in September 1997, it was expected that many recipients of AFDC benefits would not participate in W-2 or would participate only briefly, because they would quickly find employment on their own. DWD's initial program budget estimates were based on such assumptions. However, participation levels were still lower than had been anticipated, presumably because individuals who had been receiving AFDC benefits were already working, found jobs on their own, found other sources of support, or moved to other states.

W-2 caseloads declined much faster than had been projected.

As a result, initial caseload projections were much higher than actual program participation. For example, DWD's budget estimates projected there would be approximately 50,100 participants statewide in September 1997. The actual number was 22,761, or 45.4 percent of the number anticipated. It included 22,341 AFDC cases that were still active and for which participants received cash benefits, as well as 420 new W-2 cases. When the initial W-2 implementation contracts ended in December 1999, there were only 11,170 program participants. All were W-2 cases, because AFDC had ended in March 1998.

As shown in Table 4, the average caseload declined 50.9 percent statewide from September 1997 to September 2000. In Milwaukee County, where approximately three-quarters of W-2 participants reside, it declined 47.8 percent. Appendix 5 shows changes in all W-2 agencies' caseloads in September 1997 and September 2000.

Table 4

Number of W-2 Cases by Contractor Type
September 1997 and September 2000

Contractor Type	September 1997*	September 2000	Percentage Reduction
Tribal Agencies	115	37	67.8%
Private Agencies in Counties Other than Milwaukee	509	206	59.5
County Agencies	5,627	2,303	59.1
Private Agencies in Milwaukee County	16,425	8,578	47.8
Other**	85	47	44.7
All W-2 Agencies	22,761	11,171	50.9

* Includes AFDC cases that were being moved to the W-2 program.

** W-2 programs in Florence and Monroe counties were administered by county agencies in September 1997 and by private agencies in September 2000.

Approximately 30 percent of participants entered the program in unsubsidized placements.

It was expected that most W-2 participants would move from subsidized to unsubsidized placements. However, some participants never needed or took advantage of subsidized placements but sought only services to help them find or maintain employment. As shown in Table 5, we found that approximately 30 percent of participants who entered the program

Table 5

Placements of W-2 Participants Who Entered the Program for the First Time in Either July 1999 or July 2000*

Placement Type	July 1999 Number	July 1999 Percentage of Total	July 2000 Number	July 2000 Percentage of Total
Subsidized Placements				
Community service jobs	150	25.9%	145	22.5%
Custodial parents of infants	146	25.2	183	28.4
Transitional placements	114	19.7	121	18.8
Trial jobs	0	0.0	1	0.1
Subtotal	410	70.8	450	69.8
Unsubsidized Placements				
Case management for those judged ready to enter employment	67	11.5	86	13.3
Case management for those working	67	11.5	50	7.8
Case management follow-up	26	4.5	32	5.0
Case management for those who are pregnant	10	1.7	26	4.0
Case management for minor parents	0	0.0	1	0.1
Subtotal	170	29.2	195	30.2
Total	580	100.0%	645	100.0%

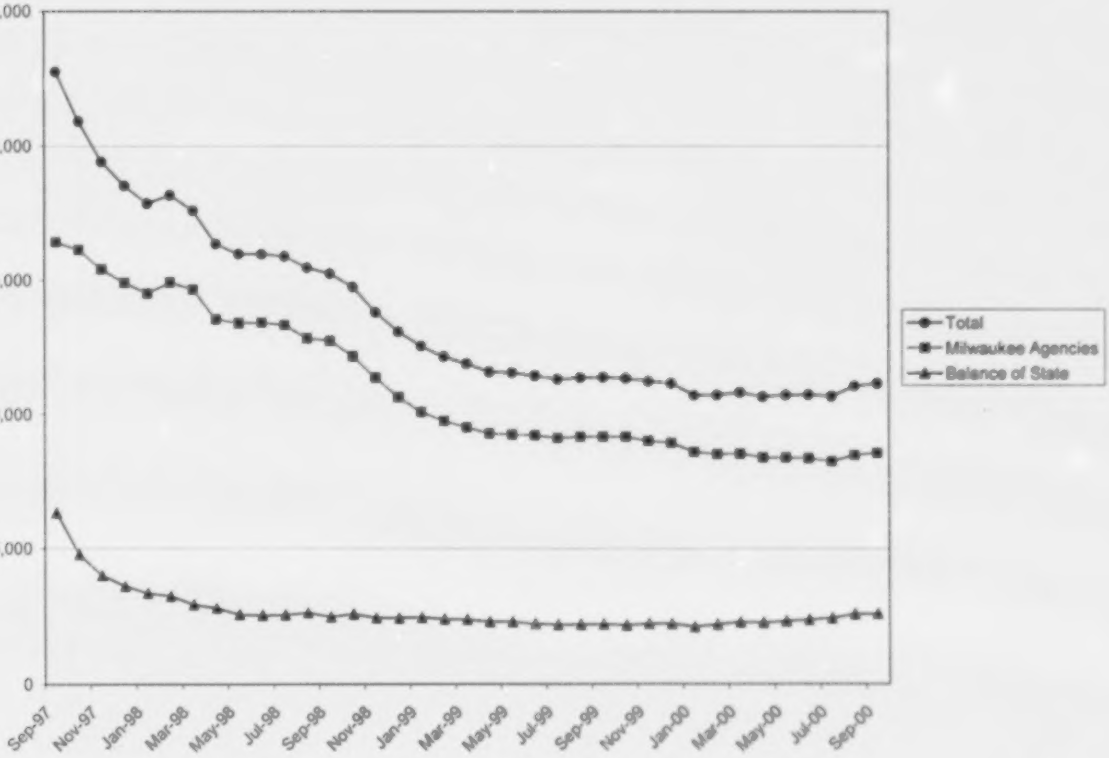
* Represents participants' placements at the end of the first month of program participation.

for the first time in July 1999 and July 2000 were in unsubsidized placements at the end of their first month.

As shown in Figure 1, the total caseload declined steadily through January 2000, then increased slightly through September 2000. Most of the decline reflects a precipitous reduction in the cash benefit caseload, which includes participants in community service jobs, transitional placements, and trial jobs, as well as custodial parents of infants.

Figure 1

W-2 Caseload
September 1997 through September 2000



The number of participants receiving only case management services has generally increased.

In contrast to the overall caseload, the non-cash benefit caseload—that is, participants in unsubsidized placements who either enrolled in the program to obtain services other than cash benefits or remained enrolled in order to keep receiving these services—has generally increased since the program began. From February through November 1999, the non-cash benefit caseload increased by 34.6 percent. Since then, the rate of increase has slowed. Table 6 shows trends in W-2 participation from January 1998 through September 2000.

Table 6

Change in Cash Benefit and Non-Cash Benefit Caseloads

Month	Cash Benefit Caseload	Percentage Change	Non-Cash Benefit Caseload	Percentage Change
January 1998	14,204	—	3,658	—
January 1999	9,032	-36.4%	3,523	-3.7%
January 2000	6,700	-25.8	4,022	14.2
September 2000	6,771	1.1	4,400	9.4

****

Program Expenditures

During the initial implementation period from September 1997 through December 1999, a total of $237.9 million in funds that had been contracted for local program services and administration remained unspent, largely because of the unanticipated decline in the W-2 caseload. The initial implementation contracts called for the majority of the unspent funds to be returned to the W-2 agencies, which were required to spend some of these funds on services for low-income individuals but allowed to retain others as unrestricted "profits" that could be spent for a variety of purposes. Current contracts, which expire in December 2001, require W-2 agencies to meet performance benchmarks in order to receive any bonus funds. We reviewed expenditures under the initial implementation and current contract periods.

W-2 program costs totaled $710.4 million through September 2000.

As shown in Table 7, local program implementation by W-2 agencies accounted for 93.6 percent of W-2 costs through September 2000. The unrestricted profits that were provided to all 75 of the counties, private agencies, and tribes under the initial implementation contracts accounted for $65.1 million (9.2 percent) of the $710.4 million in total costs. These costs also include an estimated $45.6 million for state administration by DWD, which devoted approximately 57 full-time equivalent (FTE) positions to W-2 since 1997.

Table 7

W-2 Costs through September 2000
(in millions)

Category	Program Costs	Percentage of Total
Local Program Implementation by W-2 Agencies		
Initial implementation contracts	$413.6	58.2%
Current contracts	121.4	17.1
Unrestricted profits	65.1	9.2
Start-up contracts	31.3	4.4
Additional W-2 services*	19.2	2.7
Community reinvestment funds	14.2	2.0
Subtotal	664.8	93.6
State Administration**	45.6	6.4
Total	$710.4	100.0%

* Includes costs for services such as on-site child care at job centers, job access loans, emergency assistance, and funds for services provided to participants by the Milwaukee Area Technical College Learning Labs, which are included as addenda to the contracts of W-2 agencies.

** Estimated based on total TANF-related administrative costs.

Initial Contract Expenditures

As shown in Table 8, the five private agencies serving Milwaukee County spent 64.5 percent of the $413.6 million in initial implementation contract costs. Appendix 6 lists contract amounts and expenditure information for each of the 75 original W-2 agencies.

Expenditures are categorized as either cash benefits, direct services, or administrative costs.

DWD classifies expenditures reported by local W-2 agencies as either cash benefits, direct services, or administrative costs. Direct services typically include the salaries and benefits of those providing services, as well as the actual costs of the services, including costs of:

- determining eligibility for W-2, food stamps, Medical Assistance, child care, and refugee cash assistance;

Table 8

Initial Implementation Contract Expenditures by Contractor Type
September 1997 through December 1999
(in millions)

Contractor Type	Expenditures	Percentage of Total
Private Agencies in Milwaukee County	$266.9	64.5%
County Agencies	133.8	32.4
Private Agencies in Counties Other than Milwaukee	11.2	2.7
Tribal Agencies	1.7	0.4
All W-2 Agencies	$413.6	100.0%

- providing job skills training and work activities, such as enrolling participants in W-2, providing orientation, assessing participants' skills and needs, providing counseling services, and assisting in job search activities;
- providing case management services;
- providing education and training services through FSET;
- providing educational activities, such as job testing, employee screenings, mentoring, job coaching, remedial education, and literacy training;
- providing transportation assistance and assisting families in meeting emergency needs through job access loans and other supports;
- providing other training, such as anger management, parenting, family nutrition, household management, and time management; and
- offering post-employment services, such as providing community resource referrals and information on eligibility for other programs.

As noted, cash benefit expenditures are for grants to participants in employment positions, wage subsidies to employers who hire W-2 participants in trial jobs, and grants to custodial parents of infants. Administrative expenditures include the costs of salaries and fringe benefits for staff who are not involved in direct program delivery, as well as office space, data processing, and other overhead costs.

50.2 percent of expenditures under the initial implementation contracts were for direct services.

As shown in Table 9, 50.2 percent of program expenditures under the initial implementation contracts were for direct services, while 40.6 percent were for cash benefits paid to participants and subsidies to employers, and 9.2 percent were for administrative expenditures. Appendix 7 lists initial implementation expenditures by type for each W-2 agency. It also includes expenditures for additional services that were not part of the original contracts but were included in contract addenda. It should be noted that payments for subsidized child care, which is available to W-2 participants and other low-income families, are funded through separate appropriations and have been reviewed in another recently released Legislative Audit Bureau evaluation (report 01-1).

Within the direct services category, $109.6 million was spent on work activities for program participants. That amount represents 26.5 percent of initial implementation contract expenditures.

Within the cash benefits expenditure category, $121.5 million was paid to W-2 participants in community service jobs. That amount represents 29.4 percent of initial implementation contract expenditures. Only $0.4 million, or 0.1 percent of these expenditures, funded trial jobs because few trial jobs were created.

Local administrative costs accounted for 9.2 percent of W-2 agency expenditures under the initial contracts.

W-2 agencies' administrative costs of $37.9 million accounted for 9.2 percent of initial implementation contract expenditures. The contracts required that the agencies spend no more than 10 percent of the total value of their contracts for administrative purposes, and only one agency exceeded this amount. Waushara County spent 10.1 percent on administration, or $2,540 more than was available for reimbursement under its contract.

Table 9

Initial Implementation Contract Expenditures by Expenditure Type
September 1997 through December 1999

Type of Expenditure	Expenditures	Percentage of Total Expenditures
Direct Services		
Work activities	$109,618,826	26.5%
Eligibility determination*	48,247,517	11.7
Case management	14,697,829	3.5
FSET services	12,447,082	3.0
Skills training	8,458,110	2.0
Post-employment services	7,795,046	1.9
Educational activities	6,502,998	1.6
Subtotal	207,767,408	50.2
Cash Benefits		
Community service jobs	$121,481,539	29.4
Transitional placements	30,497,550	7.4
Custodial parents of infants	14,002,783	3.4
Sanctions**	1,530,140	0.3
Trial jobs	420,062	0.1
Subtotal	167,932,074	40.6
Local Administrative Costs	37,896,667	9.2
Total	$413,596,149	100.0%

* Includes determining eligibility for W-2, Medical Assistance, the Food Stamp Program, subsidized child care, and refugee cash assistance.

** Except for Milwaukee County, sanctions of participants' grants were counted as expenditures and were charged against an agency's contract. Milwaukee County agencies were able to retain sanctioned funds.

Unspent Contract Funds

Contractors retained unspent initial implementation funds as profits and for community reinvestment.

Because the initial implementation contracts required counties, private agencies, and tribes to assume financial responsibility for any program costs that exceeded contract values, they included provisions for contractors to profit if any program funds were not spent. Contractors could earn both unrestricted profits, which could be spent in any way the contractors chose, and community reinvestment funds, which were restricted funds that are required to be spent on services for TANF-eligible individuals. When only 63.5 percent of the $651.5 million budgeted under the initial implementation contracts was spent, all contractors became eligible to receive both unrestricted profits and community reinvestment funds.

Under the initial implementation contracts, unexpended funds that were 7 percent or less of the total contract value were to be paid as unrestricted profits. If unexpended funds exceeded 7 percent of the contract's value, those funds remaining after the initial profit was calculated were to be distributed as follows:

- 10 percent was to be paid as additional unrestricted profit to the contractor;

- 45 percent was to be reinvested in the community by the contractor, to fund services for eligible low-income individuals pursuant to a plan submitted by the contractor and approved by DWD; and

- 45 percent was to be retained by DWD for use in any manner it determined to be appropriate in accordance with the State's approved TANF plan.

For example, if a county, private agency, or tribe that entered into a contract for $1.0 million spent only $700,000, the $300,000 in unspent funds would be 30 percent of the contract's value. The contractor would therefore be entitled to a profit of $70,000, or 7 percent of the contract's value. This $70,000 profit would then be deducted from unspent contract funds, and the contractor would be entitled to receive $23,000 (10 percent of the remaining $230,000) as profit and $103,500 (45 percent of the remaining $230,000) for community reinvestment. In total, the contractor would be entitled to receive $93,000 in profits and $103,500 in community reinvestment funds. DWD would retain the remaining $103,500.

Under the initial implementation contracts, W-2 agencies' profits totaled $65.1 million.

Unrestricted Profits – Under the initial implementation contracts, all 75 contracting counties, private agencies, and tribes earned profits. As shown in Table 10, unrestricted profits for all W-2 agencies amounted to $65.1 million, or 10.0 percent of the value of all W-2 contracts statewide. Profits ranged from a high of $9.5 million (earned by Employment Solutions, a private agency that served the largest number of participants in two regions in Milwaukee County) to a

Table 10

Range of Unrestricted Profits Earned
September 1997 through December 1999

	Profit Amount	Percentage of Total Contract Amount
Agencies with the Largest Profits		
Employment Solutions	$ 9,452,143	8.4%
OIC-GM	4,622,816	8.1
Maximus	4,405,915	7.6
UMOS	4,332,206	8.5
Racine County	3,435,008	12.0
YW Works	3,415,466	8.5
Dane County	2,600,226	9.5
Rock County	2,553,725	12.5
Brown County	2,388,793	12.8
La Crosse County	1,665,872	13.4
Agencies with the Smallest Profits		
Crawford County	124,323	11.6
Door County	112,464	9.6
Forward Service (Vilas County)	102,134	9.9
Forward Service (Kewaunee County)	100,312	10.9
Marquette County	94,721	11.3
Iron County	83,213	12.5
Florence County	82,029	11.7
Bayfield County	66,703	8.5
Bad River Band of Chippewa	51,755	7.0
Pepin County	42,071	8.7
All W-2 Agencies	65,103,888	10.0

low of $42,071 (earned by Pepin County, which served the second-fewest number of participants and had the smallest contract). Three other private agencies in Milwaukee County each earned more than $4.0 million in profits: Maximus, OIC-GM, and UMOS. At $3.4 million, Racine County earned the largest profits among county agencies. Information on the profits each W-2 agency earned under the initial implementation contracts is included in Appendix 6.

Although the initial implementation contracts allowed unrestricted profits to be used as each contractor wished, counties are required to disclose the disposition of their profits to the Legislature and the public, because their funds are public funds. In contrast, private agencies are not under an obligation to disclose the ways in which their profits were used.

As part of our site visits to 17 public and private agencies, we requested information on how each used its profits. We found that:

- Brown, Kenosha, Price, Rock, and Sawyer counties reported spending a total of $6.3 million in unrestricted profits to offset county tax levies, or transferred profits to the county general fund.

- OIC-GM reported spending $4.6 million in profits for activities that included purchasing a cellular phone business in the central city of Milwaukee, developing a food service program to provide meals to child care providers and after-school programs, and joining a collaboration to develop a computer technology academy to increase academic achievement and expand career opportunities for youth.

- Dane County reported spending $1.3 million to provide housing services for low-income residents.

- YW Works reported spending $1.1 million on a plastics processing company that will serve as a workplace skills training center, on a non-traditional employment and training program, and on a variety of other education and training activities and programs.

- Manitowoc County reported spending $605,000 on alternate care expenses for children, to offset budget deficits resulting from shortfalls in other programs.

- Fond du Lac County reported spending $465,000 to expand a range of services available to low-income families.

- Monroe County reported spending $219,000 to enhance the county human services department's computer network.

The agency profiles (Appendix 1) also include information on the use of unrestricted profits under the initial implementation contracts.

Under the first contract, W-2 agencies received $83.4 million in community reinvestment funds.

Community Reinvestment Funds – As shown in Table 11, W-2 agencies received a total of $83.4 million for community reinvestment. These funds represent 12.8 percent of the value of all agencies' initial implementation contracts. However, compared to the other contractors, private agencies in Milwaukee County earned a substantially smaller percentage of community reinvestment funds because they spent a larger percentage of their contract funds. Racine and Rock counties earned the largest amount of community reinvestment funding, $6.4 million and $5.1 million, respectively.

Table 11

Community Reinvestment Funds Earned
Under Initial Implementation Contracts
(in millions)

Contractor Type	Contract Amount	Community Reinvestment	Community Reinvestment Funds as a Percentage of Contract Amount	Percentage Spent through September 2000
County Agencies	$304.9	$64.9	21.3%	16.9%
Private Agencies in Counties Other than Milwaukee	24.3	4.9	20.2	15.9
Tribal Agencies	3.4	0.7	20.6	0.0
Private Agencies in Milwaukee County	318.9	12.9	4.0	19.1
All W-2 Agencies	$651.5	$83.4	12.8	17.0

The amount of community reinvestment funds received by each agency is presented in Appendix 6. A total of $83.4 million in community reinvestment funds was also made available to DWD under the initial implementation contracts. These funds were reallocated to other TANF-eligible programs during 1999-2001 biennial budget deliberations.

Community reinvestment funds must be used to provide services to families whose incomes are below 200 percent of the federal poverty level, which is currently $29,260 annually for a family of three. Under federal law, the funds must also be spent for purposes consistent with the TANF legislation, such as encouraging the formation and maintenance of two-parent families. In October 1998, DWD issued the first of several memoranda that outlined the allowable uses of community reinvestment funds. These include assistance for food, utilities, household goods and personal care, and child care; assistance with finding a job; and funding for food pantries and clothing centers that enable low-income individuals to obtain necessities at little or no cost. DWD memoranda also indicate that community reinvestment funds may be used to supplement direct services budgets under the current implementation contracts; to provide transportation services, enrichment services to youth, and counseling activities not covered by Medical Assistance; and to expand services to address cultural and language barriers.

To receive community reinvestment funds, W-2 agencies were required to submit plans for DWD's approval detailing the types of activities they wish to fund and the types of individuals to be served. As of March 2001, 13 agencies were still working on obtaining plan approval from DWD.

In September 2000, W-2 agencies had spent 17 percent of the community reinvestment funds they received under the initial contracts.

As of September 2000, Marinette County had spent all of its reinvestment funds. Although it reported spending $1.4 million, DWD reimbursed $1.2 million, which was the actual amount of reinvestment funds earned. In contrast, 15 agencies had no reported expenditures by September 2000. Overall, W-2 agencies have spent $14.2 million, or 17.0 percent of the community reinvestment funds they received under the initial implementation contracts. Based on our review of the plans submitted to DWD by the 17 agencies we visited:

- 11 agencies plan to spend a total of $7.6 million to supplement funds for services to W-2 participants in the event that other contract funds are insufficient;
- 15 agencies plan to spend $5.8 million on supportive services to families, including services to reduce out-of-home placements of children;
- 14 agencies plan to spend $3.8 million to enhance employment training and job retention services;

- 12 agencies plan to spend $3.2 million for emergency services, such as loans or grants for food, shelter, and utilities;

- 11 agencies plan to spend $2.4 million on services for youth, such as after-school activities intended to reduce gang involvement, prevent youth alcohol and other drug abuse, assist children at risk of failing in or dropping out of school, and increase youth employment skills;

- 7 agencies plan to spend $1.2 million on child care–related services, including funding on-site child care for W-2 participants and providing funds for start-up and expansion of child care centers;

- 5 agencies plan to spend $532,000 for interpreter services and for coordination and outreach services to non-English speaking communities; and

- 6 agencies plan to spend $442,000 for domestic abuse prevention and support services.

Milwaukee County will receive $4.1 million in community reinvestment funds from two W-2 agencies.

In addition, Employment Solutions and OIC-GM have agreed to provide a portion of their community reinvestment funds, $3.8 million and $300,000, respectively, to Milwaukee County to fund activities such as:

- case management, non-medical therapy, and individual and family counseling;

- services for developmentally disabled infants, toddlers, and their families; and

- overnight shelters and services for the homeless.

The original deadline to spend all W-2 community reinvestment funds earned under the initial implementation contracts was December 31, 2001. This deadline was recently extended to June 30, 2002; however, all funds unspent by January 2002 will be reduced by 25 percent. DWD will reallocate these funds to those agencies that have exceeded their W-2 contract funds.

Appendix 8 provides information on the amount of community reinvestment funds spent by each W-2 agency through September 2000. The agency profiles in Appendix 1 provide more detail on how each of the 17 agencies we visited plans to spend its community reinvestment funds.

Current Contract Expenditures

Current W-2 contracts are for 43.3 percent less than the initial implementation contracts.

The current contracts for implementation of W-2 total $369.3 million for the 24-month period from January 2000 through December 2001. This amount is 43.3 percent less than the value of the initial implementation contracts, in recognition of the $237.9 million that was budgeted but not spent under those contracts, the continued decline in caseloads, and the shorter time period of the current implementation contracts.

As shown in Table 12, W-2 agencies spent $121.4 million in the first nine months of the current contract implementation period. That total represents 32.9 percent of total current contract amounts. Appendix 9 lists the current contract amount, reported expenditures, and potential bonus and reinvestment amounts by W-2 contractor.

Table 12

Current Contract Amounts and Expenditures
January 2000 through September 2000
(in millions)

Contractor Type	Contract Amount	Expenditures through September 2000	Percentage of Total Contract Expended
Private Agencies in Milwaukee County	$253.1	$ 82.1	32.4%
County Agencies	103.9	34.8	33.5
Private Agencies in Counties Other than Milwaukee	11.4	4.2	36.8
Tribal Agencies	0.9	0.3	33.3
All W-2 Agencies	$369.3	$121.4	32.9

Direct services account for 59.6 percent of current contract expenditures.

As shown in Table 13, direct services continue to be the largest expenditure category under the current implementation contracts. They represent 59.6 percent of current contract expenditures, compared to 50.2 percent under the initial implementation contracts. Cash benefits represent 30.5 percent of current contract expenditures, compared to 40.6 percent under the initial implementation contracts. The decline in cash benefits can be attributed to the decline in caseloads. Current contract expenditures include two direct service categories that were not

Table 13

Current Contract Expenditures by Category
January 2000 through September 2000

Type of Expenditure	Expenditures	Percentage of Total Expenditures
Direct Services		
Work activities	$ 45,155,113	37.2%
Eligibility determination*	13,077,073	10.8
FSET services	4,910,599	4.1
Post-employment services	2,752,969	2.3
Educational activities	2,598,342	2.1
Skills training	2,298,177	1.9
Transportation	1,248,954	1.0
Case management	289,452	0.2
Non-cash assistance**	19,283	<0.1
Subtotal	72,349,962	59.6
Cash Benefits		
Community service jobs	14,618,629	12.0
Transitional placements	11,735,196	9.7
Sanctions	5,395,950	4.4
Custodial parents of infants	5,190,753	4.3
Trial jobs	89,697	0.1
Subtotal	37,030,225	30.5
Local Administrative Costs	11,981,391	9.9
Total	$121,361,578	100.0%

* Includes determining eligibility for W-2, Medical Assistance, the Food Stamp Program, subsidized child care, and refugee cash assistance.

** Includes food, clothing, shelter, utilities, household goods, and personal care items.

tracked separately under the initial implementation contracts: transportation, including bus tokens and van services, and non-cash assistance, including the direct provision of food, shelter, utilities, household goods, and personal care items. Finally, in contrast to the initial implementation contracts, which limited administrative costs to 10 percent of the contract amount, administrative costs under the current contracts cannot exceed 15 percent of expenditures. Appendix 10 lists each agency's current contract expenditures by type through

September 2000. It also includes expenditures for additional services that were not part of the original contracts but were included in contract addenda.

Performance Bonuses

Under the current contracts, bonuses are awarded based on performance rather than on the level of unspent funds.

In order to improve agency performance, and in response to concerns about the $65.1 million in profits that W-2 agencies were paid under the initial implementation contracts, DWD developed performance standards for the current contract period that are intended to tie monetary incentives to performance rather than to the level of unspent funds.

Since January 2000, each W-2 agency's performance has been measured using seven criteria:

- the number of W-2 and FSET participants who enter into full- and part-time jobs lasting 30 days or more;
- the average wage rate attained by all participants served by the agency who have been placed in jobs, including both W-2 participants and individuals participating in the FSET program;
- the percentage of all participants who have entered employment and remain employed through a 30-day follow-through verification;
- the percentage of all participants who have entered employment and remain employed through a 180-day follow-through verification;
- the percentage of W-2 participants receiving an employment subsidy who are engaged in appropriate activities for at least 30 hours per week, and the percentage of FSET participants engaged in appropriate activities for at least 27 hours per week;
- the percentage of all participants attending basic educational activities to which they have been assigned; and
- the percentage of all participants who have employer-provided health insurance no later than 180 days after entering employment.

Currently, bonus payment levels are based on three levels of performance.

For each of these criteria, DWD has established three levels of performance that can be used in determining bonus payment levels under the current contracts: the base performance level, the first bonus level, and the second bonus level. If an agency achieves the base performance level for each of the seven mandatory performance measures, it will earn the "right of first selection," which potentially allows it to be awarded the next W-2 contract without having to compete with other public and private organizations that may be interested in administering W-2 during the next contract period. In addition, it will earn a portion of the 3 percent restricted-use bonus for every standard it meets. Such bonuses may be used much like the community reinvestment funds earned under the initial contracts.

By demonstrating higher levels of performance, agencies can also earn unrestricted bonuses that may be used for any purpose. The first bonus level is equal to 2 percent of the agency's contract amount. The second bonus level includes an additional 2 percent of the contract amount.

Appendix 11 provides detail on the three performance bonus levels for each of the seven criteria, as well as for two optional performance criteria. Under the optional criteria, agencies that would otherwise not meet one of seven mandatory performance standards may still earn second-level bonuses if they either: 1) contracted for direct services with at least one faith-based organization during at least seven of the eight quarters of the contract period; or 2) can show that 50 percent of participants who had been assigned to basic and job skills training activities have completed those activities successfully.

$25.9 million is available for bonus payments under current contracts.

As shown in Table 14, the total of maximum bonus payments possible under the current contracts is $25.9 million. That amount represents 7.0 percent of the total of all current contract amounts. In contrast, W-2 agencies earned profits and community reinvestment funds of $148.5 million under the initial implementation contracts, representing 22.8 percent of the total of all initial implementation contract amounts.

Although bonuses will not be determined until the end of the current contract period in December 2001, DWD announced in March 2001 that all but two agencies—Bayfield and Menominee counties—were meeting or exceeding base level performance standards for restricted-use bonuses. Under current contracts, W-2 agencies that meet these standards are eligible for the right of first selection.

In addition, as of December 2000, 34 agencies were meeting the standards needed to obtain the maximum amount of unrestricted-use bonus funds at the first level, and 9 at the second level. If performance were to remain unchanged through the end of the current contract period, the agencies would earn a total of $22.9 million, or 88.5 percent of the total available to them. Appendix 12 shows the level at which

Table 14

Contract Amounts and Maximum Performance Bonuses Available to W-2 Agencies

Contractor Type	Contract Amount	Restricted-Use Bonus	First Unrestricted-Use Bonus	Second Unrestricted-Use Bonus	Total Bonus Possible
Private Agencies in Milwaukee County	$253,170,283	$ 7,595,109	$5,063,405	$5,063,405	$17,721,919
County Agencies	103,876,637	3,116,300	2,077,533	2,077,533	7,271,366
Private Agencies in Counties Other than Milwaukee	11,387,237	341,616	227,745	227,745	797,106
Tribal Agencies	880,286	26,409	17,606	17,606	61,621
All W-2 Agencies	$369,314,443	$11,079,434	$7,386,289	$7,386,289	$25,852,012

each agency met the seven mandatory standards through December 2000, as well as potential bonuses if performance remains unchanged through the remainder of the current contract period.

Concerns have been raised about giving agencies that misspent public funds an advantage in seeking future contracts.

In prior reports concerning our review of W-2 agencies' expenditures, we found that Maximus and Employment Solutions had inappropriately billed the State for numerous unallowable costs, including expenditures associated with pursuing out-of-state contracts, entertainment, unallowable staff benefits, and donations to other organizations. Some have raised concerns about DWD's actions in awarding Maximus and Employment Solutions the right of first selection for the 2002-03 W-2 contract period.

The opportunity to earn the right of first selection is provided in Wisconsin Statutes. However, statutes do not prescribe the manner in which this right is to be implemented in W-2 contracts. Because of the manner in which DWD included these provisions in its W-2 contracts, it is unclear what options, if any, DWD has under the current contract to deny the right of first selection to agencies that have met performance standards. However, to ensure that DWD has the authority to exercise meaningful discretion in awarding the right of first selection under future contracts, *we recommend the Department of Workforce Development proceed as it has proposed and include provisions in all future contracts that allow it to revoke the right of first selection for any agency that fails to comply with established rules and regulations, including those specified in its financial and policy management manuals*.

****

W-2's success in ensuring the economic self-sufficiency of participants has not yet been established.

W-2 has been successful in reducing public assistance caseloads and requiring participants to work. However, its success in ensuring the economic self-sufficiency of former participants has not yet been established. Former participants are likely to continue to receive assistance through programs such as Medical Assistance and the Food Stamp and Wisconsin Shares Child Care Subsidy programs, which may be essential to their maintaining employment. Decreased reliance on publicly funded subsidies may not, therefore, be an appropriate measure of the program's success. However, progress in achieving economic self-sufficiency can be documented by former participants' earnings, which are reflected in income tax data. Therefore, we analyzed the extent to which the income of participants who left the program in the first three months of 1998 was above the federal poverty level, as well as the extent to which former participants returned to the program for either cash assistance or other services.

Financial Status of Former Participants

During the first three months of 1998, 2,129 participants left W-2 for a variety of reasons, but primarily because they found employment. The last placement for 66.5 percent of these participants, some of whom never received a cash benefit, was case management for those employed or deemed ready for unsubsidized employment. We compared two measures of these former W-2 participants' financial status with the federal poverty level:

- average annual income; and
- average annual income including state and federal earned income tax credits (EITCs).

Wisconsin's EITC, which offsets low-income working families' tax liabilities and may provide them with tax refunds that can be used for any purpose, was created in 1989 to assist low-income working families in meeting living costs.

What to include in the measure of poverty is the subject of debate.

We did not include other, non-cash benefits in our analysis in order to present a more accurate picture of income based on employment. What to include in measures of poverty status is the subject of some debate, and there is currently no consensus on whether non-cash benefits should be included along with earnings and other cash income. For example, a DWD study that reviewed AFDC and W-2 cases closed between September 1997 and September 1999 included the estimated value of food stamps, child care subsidies, and Medical Assistance benefits in income calculations. Because of the value of these publicly funded benefits, the study found 92 percent of the families whose cases had been closed to be above the poverty level, regardless of their reported earnings. However, some question whether a family whose income consists primarily of publicly funded program benefits can be considered self-sufficient.

The current federal definition of poverty includes only earnings that would be reported as income on tax returns, and not the value of tax credits or non-cash benefits such as food stamps, child care subsidies, and Medical Assistance benefits. However, we chose to include the effect of state and federal EITCs on former W-2 participants' income because the amounts of these credits can be substantial and because the tax refunds that can result may be used like cash income, for any purpose an individual chooses. It may also be appropriate to include any child support income received, but we were not able to determine whether former W-2 participants with earned income also received child support. DWD studies indicate that up to 30 percent of former participants received child support. For all participants, the value of child support averaged $636 annually.

Among the former W-2 participants who left the program in the first three months of 1998, we found that 1,377 (64.7 percent) had filed 1999 Wisconsin income tax returns. Nine hundred (65.4 percent) of those who filed were required to do so because their incomes exceeded an established threshold based on their filing status; the remaining 477 (34.6 percent) were not required to file but did so to claim the state EITC available to working families. Those who did not file presumably were not required to do so based on their limited income, because they were no longer Wisconsin residents, because they became eligible for SSI, or because they were supported by a spouse or other adult in the household.

When tax credits were included, 46.7 percent of former participants were above the poverty level.

As shown in Table 15, the average income reported by former W-2 participants who filed 1999 tax returns was $11,988. When only that income is considered, 33.8 percent of these filers are above the federal poverty level for their respective family size, while 66.2 percent are below it. However, the incomes of the majority of former W-2 participants who filed 1999 tax returns were increased by state and federal EITCs; 83.0 percent received the state credit. State credits provided an average benefit of $415 for all of those filing tax returns, while combined state and federal credits averaged approximately $2,320. If the value of these credits is included, 46.7 percent of former participants in our analysis had incomes above the federal poverty level. It should be noted that this figure does not take

Table 15

Percentage of Former W-2 Participants Above the Poverty Level
1999

Filing Status	Number Filing Tax Returns	Average Annual Income	Percentage Above Poverty Level Based on Income	Average State and Federal EITC*	Percentage Above Poverty with EITC
Married Filing Jointly	272	$21,467	51.8%	$1,942	60.3%
Head of Household	861	10,499	31.6	2,839	48.1
Single	240	6,663	21.3	926	26.7
Married Filing Separately	4	7,662	25.0	0	25.0
Total	1,377	11,988	33.8	2,320	46.7

* Each person's federal EITC was estimated based on state tax return information.

into account more than one-third of our original sample who did not file tax returns, and therefore is likely to overstate the percentage of former W-2 participants above the poverty level.

Not surprisingly, the group with the highest average income shown in Table 15 was married couples who filed jointly: 51.8 percent of this group—and 60.3 percent when tax credits are included—had incomes above the federal poverty level. However, we were not able to determine the extent to which this income could be attributed to earnings of the former W-2 participant and to what extent it was earned by a spouse.

As shown in Table 16, the highest average incomes were reported by former W-2 participants who had been in unsubsidized case management placements before leaving the program. These individuals were generally more likely to be above the poverty level than former participants who left from subsidized placements. This suggests that W-2 participants in unsubsidized placements may be more skilled, either when they enter the program or as a result of it, and therefore may be better able to compete for higher-paying jobs. The large percentage of former trial job participants whose incomes exceeded the poverty level when tax credits were included results from a change in the status of only five individuals, because there were few participants in trial job placements.

Table 16

Average Income of Former W-2 Participants by Last Placement
1999

Placement Category	Number Filing Tax Returns	Average Annual Income	Percentage Above Poverty Level Based on Income	Average State and Federal EITC*	Percentage Above Poverty with EITC
Trial Job	17	$10,849	35.3%	$2,708	64.7%
Case Management	1,139	12,390	34.9	1,190	48.0
Community Service Job	161	9,681	25.5	1,975	38.5
Transitional Placement	60	10,882	33.3	2,196	38.3
All Placements	1,377	11,988	33.8	2,320	46.7

* Each person's federal EITC was estimated based on state tax return information.

Table 17 provides information on the average incomes of former participants based on the W-2 agency that provided services. It includes those agencies from which at least 25 participants left during the first three months of 1998 and also filed 1999 tax returns.

The average annual income among former participants at these 17 agencies was $12,533, and 35.2 percent, on average, were above the federal poverty level in 1999. Among two private and two county agencies, 40 percent or more of former participants were above the poverty level. When the value of tax credits is included, from 37.0 to 55.3 percent of former W-2 participants had incomes above the federal poverty level.

Additional information on the income and poverty status of former W-2 participants is provided by agency in Appendix 13. Data for 30 agencies with small numbers of former participants have been combined and labeled "balance of state" to protect individual privacy.

Through July 2000, 26.1 percent of participants in our sample returned to the program, most in a subsidized placement.

We also analyzed the extent to which former participants returned to the W-2 program. Among the 2,129 who left during the first three months of 1998, we found that 555 (26.1 percent) had their cases reopened at some point through July 2000. Of the 555 cases that were reopened, 409, or 73.7 percent, returned in a subsidized placement, while 146, or 26.3 percent, returned in an unsubsidized placement. Among all the cases that reopened:

- 100 cases (18.0 percent) were reopened by June 1998, or within three to six months of their initial closure;

Table 17

Average Income of Former W-2 Participants by W-2 Agency
1999

W-2 Agency	Number of Participants Filing Tax Returns	Average Annual Income	Percentage of Families Above the Poverty Level Based on Income	Average State and Federal EITC*	Percentage of Families Above Poverty if EITC Is Included
Maximus	123	$12,979	42.3%	$2,277	55.3%
Brown County	49	14,326	40.0	2,360	53.3
Employment Solutions	72	12,929	40.3	2,389	52.8
Fond du Lac County	33	12,733	32.0	2,557	52.0
Winnebago County	62	15,400	40.4	2,214	51.9
Racine County	82	11,394	38.6	2,557	50.0
Douglas County	68	11,284	37.9	2,283	50.0
UMOS	113	12,919	33.6	2,275	48.7
YW Works	35	11,926	31.4	2,200	48.6
Curtis & Associates, Inc. (Waukesha County)	72	12,748	34.3	2,370	47.8
Dane County	105	11,449	31.4	2,035	46.1
Eau Claire County	45	12,542	28.6	3,081	45.7
Marathon County	28	12,864	23.8	3,002	42.9
Rock County	31	9,724	17.9	2,341	42.9
Outagamie County	27	17,961	33.3	2,498	40.0
Kenosha County	37	9,537	25.0	2,171	40.0
OIC-GM	27	10,980	33.3	2,041	37.0
Total	1,009	12,533	35.2	2,336	49.1

* Each person's federal EITC was estimated based on state tax return information.

- 316 cases (56.9 percent) were reopened by December 1998, or within nine months to one year of initial closure; and
- 493 cases (88.8 percent) were reopened by December 1999, or within two years of initial closure.

We could not, however, determine whether those who filed 1999 tax returns subsequently returned to the program, because tax return information provided to us by the Department of Revenue did not disclose former participants' names or other identifying information.

Table 18 shows the extent to which participants returned to various W-2 agencies. The percentage of participants who returned to the program through July 2000 ranged from a high of 43.3 percent for OIC-GM, a private agency serving Milwaukee County, to a low of 7.7 percent for Sawyer County.

Table 18

Participants Returning to the W-2 Program by Agency

W-2 Agency	Number Who Left in the First Three Months of 1998	Number Who Returned through July 2000	Percentage of Those Leaving Who Returned
OIC-GM	60	26	43.3%
YW Works	77	33	42.9
Western Wisconsin Private Industry Council (Juneau County)	26	11	42.3
Fond du Lac County	39	15	38.5
Dane County	188	70	37.2
Kenosha County	71	25	35.2
Employment Solutions, Inc.	124	43	34.7
Rock County	59	19	32.2
UMOS	186	57	30.6
Maximus	186	56	30.1
Outagamie County	35	10	28.6
Menominee County	32	9	28.1
Racine County	104	24	23.1
Marathon County	39	8	20.5
Winnebago County	77	15	19.5
Eau Claire County	55	10	18.2
Wood County	22	4	18.2
Kaiser Group, Inc. (Walworth County)	23	4	17.4
Shawano County Job Center, Inc.	25	4	16.0
Curtis & Associates, Inc. (Waukesha County)	85	13	15.3
Sheboygan County	20	3	15.0
Douglas County	106	12	11.3
Sawyer County	26	2	7.7
Statewide Total	2,129	555	26.1

Returning Participants

To obtain a more complete picture of those who returned to the W-2 program, we analyzed available data on participants who returned for either cash assistance or other services. DWD officials indicate that the extent to which participants return is not necessarily a good measure of program success or failure, because W-2 is designed to both encourage employment and allow participants to return if additional services could assist them in achieving the long-term goal of economic self-sufficiency. Nonetheless, analyzing changes in the number of returning participants over time, the frequency with which they return, and the reasons for which they originally left can provide information that is useful in assessing program effectiveness and improving service delivery. Furthermore, an understanding of the characteristics of returnees may be useful in modifying the program to address new or special participant needs that present barriers to employment.

Both the number and the percentage of returning W-2 participants have increased.

Despite the significant decline in caseloads since W-2 was implemented statewide in September 1997, we found that the number of participants who have left and returned to the program has increased over time. The number of returning participants also represents an increasing percentage of the total caseload, as shown in Table 19.

Table 19

Participants Returning to the W-2 Program for Cash or Non-Cash Assistance

Date	Number of Participants Who Had Returned*	Total Caseload	Returning Participants as a Percentage of Total Caseload
July 1998	599	15,896	3.8%
July 1999	3,127	11,319	27.6
July 2000	4,108	10,690	38.4

* Includes all participants who had previously been enrolled, regardless of the month they returned to the program.

Milwaukee County has a greater percentage of returning participants than the balance of the state.

In July 2000, Milwaukee County accounted for 85.2 percent of all returning participants statewide. As shown in Table 20, returning participants had been 2.7 percent of all Milwaukee County participants in July 1998 but were 42.4 percent of all Milwaukee County participants by July 2000. In the rest of the state, returning participants increased from 9.7 to 25.0 percent of W-2 participants. The percentage of returning participants increased 39.7 percentage points in Milwaukee County and 15.3 percentage points in the balance of the state during a period of economic growth. Therefore, there has been speculation that returning participants have unique characteristics that do not respond to program services as they are currently provided, or that some W-2 agencies fail to provide adequate services.

Table 20

First-Time and Returning Participants

	Percentage of Caseload July 1998	Percentage of Caseload July 1999	Percentage of Caseload July 2000
Milwaukee County			
First-time participants	97.3%	70.8%	57.6%
Returning participants	2.7	29.2	42.4
Balance of State			
First-time participants	90.3	79.1	75.0
Returning participants	9.7	20.9	25.0

Data on returning participants are not available for the private W-2 agencies contracted to serve Milwaukee County, but they are available for all other W-2 agencies and for Milwaukee County in aggregate. From these data, we found that the number of former participants who returned to the program more than once has also increased over time. As shown in Table 21, 96.5 percent of all former W-2 participants who returned to the program in July 1998 were returning for the first time. By July 1999, the percentage of former participants who were returning for the first time had declined to 86.1 percent of returnees statewide, and by July 2000 to 70.7 percent. Furthermore, by July 2000, 959 former W-2 participants statewide had had two previous case closures and were returning to the program for the third time.

Table 21

Previous Case Closures for Returning Participants

	July 1998		July 1999		July 2000	
Previous Closures	Number	Percentage	Number	Percentage	Number	Percentage
Milwaukee County						
One	358	99.2%	2,312	86.7%	2,460	70.2%
Two	3	0.8	331	12.4	836	23.9
Three	0	0.0	25	0.9	175	5.0
Four	0	0.0	0	0.0	27	0.8
Five	0	0.0	0	0.0	3	0.1
Subtotal	361	100.0%	2,668	100.0%	3,501	100.0%
Balance of State						
One	220	92.4%	381	83.0%	444	73.2%
Two	17	7.2	66	14.4	123	20.3
Three	1	0.4	10	2.2	33	5.4
Four	0	0.0	1	0.2	5	0.8
Five	0	0.0	1	0.2	2	0.3
Subtotal	238	100.0%	459	100.0%	607	100.0%
Statewide						
One	578	96.5%	2,693	86.1%	2,904	70.7%
Two	20	3.3	397	12.8	959	23.3
Three	1	0.2	35	1.1	208	5.1
Four	0	0.0	1	<0.1	32	0.8
Five	0	0.0	1	<0.1	5	0.1
Total	599	100.0%	3,127	100.0%	4,108	100.0%

Information on change in the number of returning W-2 participants from July 1998 to July 2000 is provided in Appendix 14. Data are provided for the county agencies that are W-2 contractors, as well as for three tribes and six private agencies in counties other than Milwaukee County. Data are not available separately for each of the five private contractors in Milwaukee County but are shown in aggregate.

Because of limitations in data collected by DWD, we were unable to analyze why returning participants had originally left W-2. However, in a review of 29,077 cases that closed from September 1997 through September 1999, DWD found that:

- 75.9 percent of cases closed because of increases in participants' incomes, usually as a result of employment;
- 9.4 percent closed because participants chose to no longer participate;
- 7.9 percent closed because participants did not comply with program eligibility requirements;
- 4.3 percent closed because participants no longer met eligibility requirements for reasons other than income; and
- 2.5 percent closed for other reasons.

It is not known whether the characteristics of those who returned to the program, such as their level of education and whether they are more likely to have substance abuse or mental health problems, differ from those who did not return. Determining whether there are differences among participants and developing strategies to address them may be important to the future success of the program.

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If W-2 is to be effective not only in reducing caseloads but also in helping participants to achieve self-sufficiency through employment, participants should comply with program requirements, and W-2 agencies should fairly address their concerns related to eligibility and their compliance with program requirements. To determine the extent to which these things were occurring, we examined available data on the sanctions, or fines, that are imposed to encourage participants receiving cash benefits to comply with program requirements, as well as efforts to address participant and applicant complaints. In addition, s. 49.141(2g)(a)1, Wis. Stats., directs us to review the wages of trial job participants.

Sanctions of Participant Benefits

Cash benefits may be sanctioned if participants miss work or fail to participate in a required activity without good cause.

To encourage compliance with program requirements, W-2 participants receiving cash benefits through community service jobs or transitional placements may be sanctioned $5.15 per hour for each hour they miss work or fail to participate in a required activity without good cause. Additional sanctions may be imposed on participants who commit fraud in obtaining benefits or increasing the value of their benefits, or who intentionally violate other program requirements. However, trial job participants are not subject to hourly sanctions because they are paid by the employer, and custodial parents of infants are neither required to work outside the home until the infants are older than 12 weeks nor subject to sanctions. Statutes also do not provide for sanctioning of participants who are not in subsidized placements, and therefore not receiving cash grants.

W-2 agencies also may be "sanctioned." W-2 contracts allow DWD to impose a penalty of up to $5,000 for each failure of a W-2 agency to serve an applicant or participant. To date, DWD indicates it has been able to address concerns related to the agencies' performance without imposing monetary penalties.

Only five W-2 agencies—the Bad River Band of Chippewa and Manitowoc, Marinette, Ozaukee, and Vernon counties—did not sanction program participants between October 1999 and December 2000. In reviewing available data, we found that the percentage of participants sanctioned is greater in Milwaukee County than elsewhere in the state, and average monthly sanction amounts are higher in Milwaukee County than elsewhere in the state. We also found some evidence of inappropriate sanctions.

The percentage of participants sanctioned in Milwaukee County has been consistently higher than in the balance of the state.

As shown in Table 22, the percentage of participants sanctioned has decreased from 31.4 percent of the statewide caseload in October 1999 to 21.1 percent in December 2000. However, in Milwaukee County, which has the highest percentage of long-time AFDC recipients in its W-2 population, the sanction rate has consistently been approximately 10 percentage points higher than in the balance of the state.

Table 22

Percentage of Participants Sanctioned

Area of State	October 1999	May 2000	December 2000
Milwaukee County	33.3%	28.4%	23.5%
Balance of State	20.3	17.2	13.2
Statewide Average	31.4	26.0	21.1

On average, 4.4 percent of participants have their entire monthly cash benefit sanctioned.

Although most agencies issue sanctions, there is significant variation in the percentage of participants they sanction, as well as in both the dollar amount and the percentage of average monthly benefit payments they sanction. For example, within Milwaukee County alone, the average percentage of participants sanctioned ranged from 17.8 percent for UMOS to 48.0 percent for YW Works, while the average sanction amount ranged from $359 to $295 for these same two agencies. In addition, during each month between March 2000 and December 2000, an average of 255 participants, or 4.4 percent of all participants statewide, were sanctioned for an amount equal to their entire monthly benefit.

We reviewed data on sanctions imposed by the 34 W-2 agencies with an average of at least 10 participants receiving cash benefits each month. As shown in Table 23, we found that 9 (26.5 percent) had issued sanctions to at least 20 percent of their participants receiving cash benefits. Conversely, 16 (47.1 percent) had issued sanctions to fewer than 10 percent. Among the agencies that sanctioned the highest percentage of their cash assistance caseload, YW Works—a private agency serving Milwaukee County—had the highest sanction rate.

Table 23

Percentage of Participants Sanctioned
October 1999 through December 2000

W-2 Agency	Average Number of Participants Sanctioned per Month	Percentage of Cash Benefit Caseload Sanctioned
YW Works	324	48.0%
Monroe County*	7	35.9
OIC-GM	350	34.1
Kenosha County	55	27.8
Outagamie County	10	25.4
Employment Solutions	479	25.1
Maximus	246	22.9
Eau Claire County	4	21.8
Dane County	65	21.6

* Monroe County participants were served by the Monroe County Department of Human Services from October through December 1999, and by Workforce Connections, Inc., during 2000.

Participants in community service jobs were more likely to be sanctioned than those in transitional placements. For example, in December 2000, 32.0 percent of participants in community service jobs were sanctioned, compared to 15.2 percent of those in transitional placements. However, as shown in Table 24, the average monthly sanction for both job types was greater in Milwaukee County than in the balance of the state, both as a dollar amount and as a percentage of the monthly benefit.

Table 24

Comparison of Average Monthly Sanction Amounts
March 2000 through December 2000

		Milwaukee County		Balance of State	
Placement Category	Monthly Benefit	Average Monthly Sanction	Sanction as a Percentage of Monthly Benefit	Average Monthly Sanction	Sanction as a Percentage of Monthly Benefit
Community Service Jobs*	$673	$383	56.9%	$262	38.9%
Transitional Placements	628	278	44.3	201	32.0

* Represents benefits for those in full-time community service jobs.

As shown in Table 25, 4 of the 9 agencies that sanctioned at least 20 percent of their participants receiving cash benefits were also among the agencies that imposed the highest average monthly sanction since March 2000.

Table 25

Sanctions as a Percentage of Benefit Levels
March 2000 through December 2000

W-2 Agency	Average Sanction Amount	Percentage of Benefit Sanctioned
Menominee County	$455	71.1%
Maximus	386	58.9
Employment Solutions	386	58.5
UMOS	355	54.4
Racine County	348	53.7
OIC-GM	326	51.7
Shawano County Job Center, Inc.	287	45.9
YW Works	289	45.1
Waupaca County	269	41.2
La Crosse County	259	41.0

W-2 was designed to allow individual W-2 agencies administrative flexibility to modify both the type of services they provide and the manner in which services are provided in response to local needs. However, the wide variation in the number and amount of sanctions has raised concerns about whether the benefit of increasing administrative flexibility has come at the expense of equitable treatment of participants. The wide variation in the number and amount of sanctions we have identified may be, in part, the result of the discretion W-2 agencies are permitted in sanctioning participants. Therefore, if the Legislature did not intend for such large variation in the number and amount of sanctions among agencies, it may wish to consider directing DWD to provide additional guidance to W-2 agencies in their use of sanctions.

From July through December 2000, at least 35 participants were inappropriately sanctioned.

We also found that sanctions have been applied inappropriately. From the available data, we could not determine how many participants in total have been inappropriately sanctioned or whether the inappropriate sanctions hampered participants' ability to obtain unsubsidized employment in a timely manner or to meet interim program objectives. However, we found that in the six-month period from July 2000 through December 2000, at least 35 W-2 participants who were the custodial parents of infants were inappropriately sanctioned because of errors made by W-2 agencies. As shown in Table 26, nine W-2 agencies issued inappropriate sanctions against the custodial parents of infants, which averaged $128 per participant and represented 19 percent of the participants' monthly benefits. Maximus and Employment Solutions issued the largest inappropriate sanctions, which averaged more than one-third of participants' monthly benefits.

Employment Solutions, Kenosha County, Maximus, UMOS, and YW Works subsequently issued supplemental payments to correct some of the inappropriate sanctions against custodial parents of infants. In five cases, corrections were made within seven days of when participants' regular monthly benefit checks should have been issued. In the three other cases, the supplemental payments were issued later: at 13 days, 20 days, and 22 days of when the benefit checks should have been issued. To date, the remaining 27 inappropriate sanctions against custodial parent of infants have not been corrected. DWD is attempting to identify other instances of inappropriate sanctions, including sanctions of participants in unsubsidized placements.

Table 26

Inappropriate Sanctions of Custodial Parents of Infants
July 2000 through December 2000

W-2 Agency	Number of Inappropriate Sanctions	Total Inappropriately Sanctioned	Average Amount Inappropriately Sanctioned	Average Amount Inappropriately Sanctioned as a Percentage of Monthly Benefit
Maximus	4	$1,253	$313	46.5%
Employment Solutions	8	1,803	225	33.4
Kenosha County	2	228	114	16.9
UMOS	4	438	109	16.2
YW Works	13	715	55	8.2
Douglas County	1	21	21	3.1
Racine County	1	21	21	3.1
Fond du Lac County	1	10	10	1.5
Marathon County	1	5	5	0.7
Total	35	$4,494	128	19.0

In order to ensure that the full extent of inappropriate sanctioning by W-2 agencies is known and remedied, and that actions are taken to ensure it will not happen in the future, *we recommend the Department of Workforce Development report to the Joint Legislative Audit Committee by September 1, 2001, on*:

- *the results of its review related to all inappropriate sanctions imposed since the start of the W-2 program, including the number of participants sanctioned, the amounts of the sanctions imposed, and the agencies that imposed the sanctions*;
- *its plans to compensate participants who have been inappropriately sanctioned*;
- *the procedures it will employ to prevent W-2 agencies from imposing inappropriate sanctions in the future; and*
- *how it plans to monitor W-2 agencies to ensure that inappropriate sanctions have not been imposed or have been appropriately remedied if they were imposed*.

Resolution of Participant Complaints

W-2 agencies issue findings of fact in response to participant complaints.

Section 49.152, Wis. Stats., allows program participants and applicants to request that W-2 agencies review their eligibility or benefits decisions through a fact-finding process, which is conducted by agency staff or independent parties with whom an agency contracts for this purpose. Fact-finding decisions may be appealed—at the request of the participant or the agency—to DWD. DWD maintains data on the findings of fact issued by W-2 agencies and has delegated its authority to decide appeals to the Department of Administration's Division of Hearings and Appeals.

DWD maintains summary information on the reasons findings of fact have been requested, as shown in Table 27. The vast majority of requests have been related to employment issues, such as whether it was reasonable to expect participation in an assigned W-2 activity. However, requests for findings of fact related to extensions of benefits, including a 24-month time limit placed on participation in each subsidized job category, may increase as participants spend more time in the program and reach time limits.

Table 27

Reasons for Fact-Finding Requests
May 1999 through September 2000

Reasons	Number of Requests	Percentage of Total
Employment	1,150	83.8%
Child Care*	114	8.3
Job Access Loans	44	3.2
Extensions of Benefits	37	2.7
Emergency Assistance	27	2.0
Total	1,372	100.0%

* Includes individuals who were not in the W-2 program but who received child care subsidies.

We reviewed the disposition of requests for findings of fact from May 1999, the first month DWD began to centrally record this type of information, through September 2000, the most recent month data had been collected during our review. As shown in Table 28, 41.6 percent of all requests were resolved through W-2 agency decisions. These decisions have been fairly evenly split in favor of the agency and the participant. Petitioners withdrew 35.6 percent of their requests, and the remaining requests were dismissed or resolved without a hearing or are pending further action.

Table 28

Disposition of Fact-Finding Requests
May 1999 through September 2000

Disposition of Request	Number of Requests	Percentage of Total
W-2 Agency Decision:		
In favor of the agency	279	20.3%
In favor of the petitioner	240	17.5
Split decision	52	3.8
Subtotal	571	41.6%
Withdrawn	489	35.6
Dismissed	225	16.4
Resolved	82	6.0
Pending Further Action	5	0.4
Total	1,372	100.0%

Approximately 90 percent of fact-finding requests were made by Milwaukee County participants.

While W-2 participants in Milwaukee County have represented no more than 81 percent of the statewide caseload at any point since the program's inception, approximately 90 percent of the 1,372 requests for findings of fact were made by Milwaukee County participants. More than half of the remaining 134 requests came from individuals in one of six counties: Racine (26 cases), Kenosha (19 cases), Brown (13 cases), Dane (12 cases), Winnebago (8 cases), and Outagamie (7 cases).

Statutes permit appeal of a W-2 agency's fact-finding decision when an applicant or participant petitions within 21 days of the date the decision is mailed. Statutes also require review of a fact-finding decision related to denial of an application based solely on a determination of financial ineligibility when an applicant or participant petitions within 21 days of the date the decision was mailed. W-2 agencies may appeal fact-finding decisions at any time.

Through December 2000, the Division of Hearings and Appeals decided 216 appeals.

From September 1997 through December 2000, 216 appeals of W-2 agencies' findings of fact were decided by the Division of Hearings and Appeals. The primary issues that were appealed involved:

- sanction of benefits (66 cases);
- employment placement (21 cases);
- timeliness of the fact-finding request (16 cases);
- child care (9 cases);
- termination of benefits (7 cases);
- case closure or delay in providing benefits (7 cases); and
- eligibility for benefits (6 cases).

Through 2000, 69.9 percent of appeals were decided in favor of participants.

As shown in Table 29, 69.9 percent of appeals were resolved in favor of the applicant or participant, whereas 26.9 percent were decided in favor of the W-2 agency. The percentage of Milwaukee County cases found in favor of the participant was 78.7 percent, compared to 51.0 percent for the balance of the state. This may suggest that hearing officers believed initial fact-finding decisions incorrectly favored the W-2 agencies more often in Milwaukee County than elsewhere in the state.

Table 29

Decisions Issued by the Division of Hearings and Appeals
September 1997 through December 2000

Disposition of Appeal	Number of Appeals	Percentage of Total
Ruling in Favor of Applicant/Participant	151	69.9%
Ruling in Favor of the W-2 Agency	58	26.9
Withdrawn by Complainant	7	3.2
Total	216	100.0%

As shown in Table 30, for those agencies that issued at least five fact-finding decisions through September 2000, 14.1 percent of the decisions were appealed. The greatest number of appeals came from Milwaukee County, where both the caseload and the number of fact-finding requests were significantly larger than elsewhere in the state. However, among all the agencies shown, the appeal rate varied significantly from the statewide average of 14.1 percent. In three counties outside of Milwaukee, 40 percent or more of W-2 agencies' findings of fact were appealed. Within Milwaukee County, the rates of appeal were highest for UMOS and YW Works. In contrast, OIC-GM, which issued 370 fact-finding decisions, had a rate of appeal that was 10.0 percentage points lower than the statewide average. The generally lower rates in Milwaukee County may indicate that W-2 agencies there more often issue fact-finding decisions that are acceptable to complainants.

Finally, we reviewed the outcomes of fact-finding appeals. In Milwaukee County, the percentage of cases resolved in favor of the applicant or participant ranged from a high of 91.7 percent for UMOS to a low of 65.4 percent for Maximus. For the appeals of fact-finding decisions outside of Milwaukee County, decisions were more equally split: 51.0 percent favored the applicant or participant, and 49.0 percent favored the agency. The difference in outcomes between Milwaukee County and the rest of the state may warrant closer monitoring by DWD, especially because the five private agencies in Milwaukee County serve the majority of the W-2 population.

Trial Job Wages

Through July 2000, an estimated 711 participants had been placed in trial jobs.

The use of trial jobs, which are subsidized positions that provide work experience and training and may become permanent, unsubsidized positions, has been lower than many had anticipated before the start of W-2. Through July 2000, an estimated 711 participants had been placed in trial jobs at which they earn not less than the state or federal minimum wage for each hour worked, and the employer receives no more than $300 per month for each participant who works full-time.

The main reasons W-2 agencies have cited for the infrequent use of trial jobs include:

- an unemployment rate that was so low the agencies did not need to use trial jobs as an incentive for private companies to hire W-2 participants;

Table 30

Number of Appeals as a Percentage of Fact-Finding Decisions*
May 1999 through September 2000

Agency	Number of Fact-Finding Decisions	Number of Appeals	Appeals as a Percentage of Fact-Finding Decisions
Milwaukee Agencies			
UMOS	73	24	32.9%
YW Works	97	27	27.8
Maximus	170	26	15.3
Employment Solutions	528	71	13.4
OIC-GM	370	15	4.1
Subtotal Milwaukee Agencies	1,238	163	13.2
Other W-2 Agencies			
Kenosha County	19	9	47.4%
Dane County	12	5	41.7
Rock County	5	2	40.0
Brown County	13	3	23.1
Racine County	26	5	19.2
Winnebago County	8	1	12.5
Outagamie County	7	0	0.0
Iowa County	5	0	0.0
Subtotal Other Agencies	95	25	26.3
Total	1,333	188	14.1

* For agencies that issued at least five fact-finding decisions.

- apprehension among some employers about the amount of administrative work involved and the limitations trial jobs could place on their ability to dismiss participants who were not performing satisfactorily; and

- some employers' concerns about hiring trial job participants given past experiences with earlier on-the-job training programs.

DWD has not centrally maintained complete data on trial job participants.

DWD has not centrally maintained complete data on trial job participants, and all information concerning their wages and placement histories had to be collected manually from electronic case files. We analyzed data for 200 W-2 participants who held trial jobs during 1999. Among these, 130 participants (65.0 percent) completed their trial jobs, and 127 (63.5 percent) subsequently obtained unsubsidized employment. DWD officials believe that in most instances the unsubsidized jobs were the same positions participants had held as trial jobs. One of the three participants who did not obtain unsubsidized employment after completing a trial job was laid off, and no information was available for the other two.

There appears to be a strong relationship between trial job completion and the ability to obtain unsubsidized employment.

Of the 70 participants who did not complete a trial job, none obtained unsubsidized employment. This suggests a strong relationship between trial job completion and the ability to obtain unsubsidized employment.

Information on wages received in trial jobs and after participants had moved into unsubsidized employment was available for only 125 participants. None of the participants in trial jobs for whom wage data were available was paid less than the minimum wage of $5.15 per hour. One was paid the minimum wage, but 124 were paid more. The highest trial job wage paid was $10.85 per hour.

In unsubsidized employment, the 125 participants who completed their trial jobs earned hourly wages that ranged from a low of $5.15 to a high of $12.00. The average unsubsidized wage was $7.71 per hour, which represents an average annual salary $16,037 for full-time employment. Full-time employment at this wage would have placed a family of three above the 1999 poverty level of $13,880. However, the number of participants working full-time cannot be determined from the information DWD maintains.

Table 31 shows the range of wages earned by trial job participants. Hourly earnings increased when 57 of the 125 participants for whom data were available moved from a trial job to unsubsidized employment. The increase averaged $0.92 per hour (13.0 percent) and ranged from a low of $0.16 per hour to a high of $3.50 per hour.

Table 31

Trial Job and Unsubsidized Wages of Selected Trial Job Participants

1999

Hourly Wage	Participants in Trial Jobs		Participants in Unsubsidized Employment	
	Number	Percentage	Number	Percentage
$6.00 or less	15	12.0%	6	4.8%
$6.01 to $7.00	47	37.6	34	27.2
$7.01 to $8.00	35	28.0	42	33.6
$8.01 to $9.00	23	18.4	27	21.6
$9.01 to $10.00	4	3.2	12	9.6
$10.01 to $11.00	1	0.8	3	2.4
Greater than $11.00	0	0.0	1	0.8
Total	125	100.0%	125	100.0%

DWD officials indicate that data concerning trial jobs are limited because the small number of W-2 participants in trial jobs made other data needs a higher priority. Nevertheless, the available data suggest that trial jobs may be an effective component of the W-2 program. In addition, if the economy slows, trial jobs may be needed to encourage private companies to provide job placements for W-2 participants. Therefore, *we recommend the Department of Workforce Development*:

- *begin to collect and analyze data on the wages of all trial jobs participants;*
- *ensure that these individuals are being paid at least the minimum wage, as required by statute; and*
- *determine the wages paid to all former trial job participants when they first enter unsubsidized employment*.

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Assessing W-2 agencies' performance and ensuring adequate oversight of agencies' activities are essential to a program as large and decentralized as W-2. Two of the main strategies DWD has used to accomplish these objectives are the establishment of benchmarks for payment of performance bonuses and contracting with the Private Industry Council (PIC) of Milwaukee County to provide oversight of the five private W-2 agencies in Milwaukee County. Although both of these efforts were undertaken to provide programmatic accountability, the extent to which the goals of these initiatives have been accomplished is unclear, and changes may be needed.

Performance Standards

DWD officials indicate that the next W-2 contract, which will run from January 2002 through December 2003, will include $11.1 million for restricted-use bonuses and $12.5 million for unrestricted-use bonuses. These amounts are not delineated in the Governor's 2001-03 Biennial Budget Proposal. As noted, the current implementation contracts include standards that are intended to tie monetary incentives to performance and address the concerns of W-2 agencies. DWD modified the current performance standards in its proposal for the 2002-03 contract.

Before the current performance measures were adopted, they were modified in response to agencies' concerns.

The current performance standards address several concerns of W-2 agencies. For example:

- to ensure that agencies with small caseloads would not be adversely affected by the outcome of a single W-2 participant's case, DWD provided for a one-case credit to be applied in certain instances;
- individuals who were assigned to an educational activity but did not attend within one month of their assignment were not included in determining an agency's performance;
- to avoid penalizing agencies when participants transfer from one W-2 agency to another, individuals who received no services before they transferred to another agency are not counted;

- participants who apply and are approved for SSI benefits are not counted when determining the percentage of participants who entered employment, because these individuals are not expected to work; and

- W-2 agencies having no participants will be considered to have met the performance criteria for the restricted bonus, but will not be eligible to receive an unrestricted bonus.

Statutes require DWD to award future bonuses based on six areas of performance.

DWD has proposed modifications to the performance standards for the next W-2 contracts. The proposed modifications reflect the requirement in s. 49.143(3g), Wis. Stats., that any bonus paid after January 1, 2002, be based on six areas of performance:

- success in placing participants in unsubsidized employment;

- the extent to which unsubsidized employment placement is full-time or part-time;

- job retention of former participants;

- wages and benefits earned by former participants;

- appropriate implementation of W-2; and

- customer satisfaction.

In addition, statutes prohibit DWD from basing performance payments on caseload decreases or reduced spending that is not related directly to placement of participants in unsubsidized employment.

DWD has proposed modifying current performance standards for the 2002-03 contract.

Several of the proposed modifications to performance standards differ from the current standards. For example:

- The current standards allow a bonus payment if participants are employed 30 days after placement and another payment if participants are employed 180 days after placement. The proposed modification would allow a bonus only if both 30-day and 180-day job retention criteria are met.

- A current optional standard related to basic skills or job skills training is proposed as a required standard.

- The current average wage rate has been proposed to be changed so that 50 percent of participants will be required to demonstrate an average monthly wage gain if the agency is to meet the standard.

New measures of performance have also been proposed. For example:

- to demonstrate that agencies deliver effective services, maximum caseload ratios are established and staff must meet training requirements;
- to measure customer satisfaction, participants will be asked to rate agency performance in areas such as available programs and services and assistance provided to participants by staff; and
- to ensure agencies are financially accountable, agencies may have no audit findings as determined by DWD or any audit performed by the Legislative Audit Bureau and cannot be or have been subject to any corrective action plan for noncompliance.

Three of DWD's proposed modifications to performance standards address, in part, concerns raised by the Co-chairs of the Joint Legislative Audit Committee in a May 1999 letter to DWD's Secretary. First, a modified wage rate standard would reflect recent changes in an individual's earnings, rather than compare them to the 1998 average wage rate as the current standard does. Second, the modified job retention standard related to 30 and 180 days of employment would require at least 75 percent of participants in unsubsidized positions to remain employed after 30 days and at least 50 percent to remain employed after 180 days for a job retention bonus to be paid. Finally, a modified standard related to participation in educational activities would award two bonuses, one when participants are assigned to basic educational activities, as the current standard does, and a second if participants successfully complete their assigned educational activities.

Weighting all criteria equally may not be the best approach to measure performance.

However, additional modifications may be appropriate. For example, the May 1999 letter also suggested that DWD consider a standard of self-sufficiency that bases performance bonuses on, for example, increasing by a specified percentage the number of participants placed in unsubsidized jobs whose incomes are above the federal poverty level. In addition, the letter indicated that weighting the performance bonus criteria equally may not be the most appropriate strategy. Specifically, to ensure performance bonuses are based on efforts to assist participants in attaining meaningful, self-sustaining employment, participants should be able to locate, acquire, and remain employed in jobs that provide wages and benefits sufficient to discontinue their receipt of public assistance benefits. Consequently, it may be more appropriate for some standards, such as the number of participants placed in jobs, to be weighted more heavily than others. These issues are not directly addressed by the proposed standards.

Finally, the proposal for the 2002-03 contract period indicates that in order to be considered for the right of first selection for the next contract, which will likely run from January 2004 through December 2005, an agency must meet the base level of each standard. However, bonus funds will only be awarded if higher levels of performance are achieved.

To ensure DWD requires W-2 agencies to meet relevant performance standards in order to receive any bonus funds that may be included under future contracts, and to further ensure that the standards developed are directly linked with the W-2 program's overall, long-term goal of enabling participants to become self-sufficient, *we recommend the Department of Workforce Development report to the Joint Legislative Audit Committee by May 31, 2001, on*:

- *the extent to which it will incorporate all of the modifications suggested by the Co-chairs of the Joint Legislative Audit Committee into the next W-2 contract's performance standards*;
- *its rationale for not incorporating any of the suggested modifications it may choose not to adopt; and*
- *whether standards that better measure the extent to which those in unsubsidized jobs are successful in attaining self-sufficiency will be developed and implemented*.

Milwaukee County Oversight

Since January 1997, DWD has contracted with the PIC in Milwaukee to provide monitoring and oversight.

The seven regional offices that manage DWD's contracts with local agencies also provide technical assistance and perform oversight of contracted agencies. Staff in the 17 W-2 agencies we visited were generally pleased with the guidance and oversight the regional offices provide. Because the majority of W-2 cases are in Milwaukee County, there was a perceived need for additional oversight there. Since January 1997, DWD has contracted with the Private Industry Council of Milwaukee County for a total of $7.5 million for oversight and coordination services. Through December 2000, the PIC has been paid a total of $5.7 million to provide services, which have included:

- monitoring W-2 agencies' compliance with the provisions of their contracts;
- providing technical assistance; and
- assisting in the coordination of W-2 services among the five Milwaukee County W-2 agencies.

However, DWD has provided the PIC with little direction in fulfilling its responsibilities, and until recently its attempts to review or correct apparent deficiencies in the PIC's performance have been limited.

Assessing Contract Performance

Under contracts in effect since January 1997, the PIC's monitoring responsibilities have included ensuring that W-2 participants in Milwaukee County are appropriately served and ensuring that funds are appropriately spent. For example, the PIC is responsible for:

- reviewing all fact-finding proceedings conducted by the agencies and helping to correct procedural deficiencies;
- ensuring that the agencies take appropriate action to assist participants approaching the 24-month time limit placed on employment in each subsidized category;
- reviewing all agency requests for extension of the 24-month time limit for receipt of cash assistance, and making recommendations to DWD;
- ensuring that work performed in community service jobs and transitional placements is consistent with participants' employability plans; and
- through June 1999, providing financial oversight through reviews of cost allocation plans, the appropriateness of agency expenditures, and whether agencies are within their budget allocations.

The PIC has not met all of its contractual obligations.

Since January 1998, the PIC has provided DWD with monthly reports detailing the activities it has performed to meet its contractual obligations. A review of the reports indicates that some of its obligations have not been met. For example:

- Between July 1999 and August 2000, the PIC reported reviewing approximately 2,100 of the 2,885 cases it was required to review that were approaching the 24-month time limit. The PIC met its monthly review requirement in only 3 of 14 months it was required to conduct the reviews; however, PIC staff indicate that they were authorized by DWD's Milwaukee Regional Office to review fewer than the required number of cases for 3 of the 11 months in which they did not meet the requirement.

- Between June 1999 and August 2000, the PIC reported visiting only five work sites, although its contracts required monthly site visits.

- Between January 1998 and August 2000, the PIC reported reviewing more than 1,500 fact-finding requests in Milwaukee County. For many of these, it made specific recommendations to agencies regarding improvement of service delivery. However, it is unknown whether the W-2 agencies implemented any of these recommendations because no systematic follow-up procedures had been established.

In addition, although contract language requires the PIC to review all agency requests for extensions of the 24-month time limit for participation in subsidized employment positions, both PIC and DWD staff indicate this has not occurred because it is not necessary under the review process that has developed. DWD staff indicate that the existing process—under which W-2 agencies forward extension requests directly to DWD's regional office for approval without review by the PIC—is more efficient and allows agencies to develop a better understanding of the documentation needed to support extension requests before finalizing them.

W-2 agencies have resisted some of the PIC's oversight responsibilities.

A primary area of concern is the extent to which the PIC was responsible for performing the financial oversight required under its monitoring contracts between January 1997 and July 1999. The PIC did perform required budget monitoring by comparing agency expenditure reports with monthly budgets to ensure that expenditures were within budgeted amounts. However, PIC staff indicate more extensive financial monitoring, such as reviewing whether agency expenditures were appropriate, was not performed as a result of resistance from the W-2 agencies and subsequent DWD guidance directing it not to exercise these financial oversight responsibilities. Based on a lack of documentation regarding any agreements that were reached, DWD officials indicated they were not in a position to clarify past decisions. However, the current contract with the PIC, which began in July 1999, contains no financial monitoring responsibilities. It is possible that some of the inappropriate W-2 expenditures made by Maximus and Employment Solutions, which we identified in reports released in July 2000 and February 2001, could have been avoided or addressed more quickly if DWD had more quickly resolved the PIC's monitoring responsibilities.

PIC staff currently provide technical assistance to W-2 agencies in three primary ways:

- providing caseload-related data and reports;
- assisting in the development of local policies; and
- clarifying W-2 policies and procedures.

The PIC has reported that it provided caseload reports, participant demographic information, or other data to W-2 agencies in approximately 130 instances since January 1998. Since July 1999, the PIC has substantially increased its efforts in this area by working more closely with W-2 agency staff on specific data requests. It addition, it is responding to an increasing number of agency requests for information regarding caseload figures and other computerized reports. The PIC has also provided assistance in developing local policies, such as a fraud referral policy and the current policy governing inter-region case transfers.

Finally, the PIC has responsibility to coordinate its own activities with those of the five W-2 agencies in Milwaukee County. In the past, the PIC has coordinated community and media relations among the W-2 agencies, employer contacts and job fairs for the agencies, and administration and promotion of the seven job centers in which the W-2 agencies are located. Although provisions citing specific coordination activities have been removed from the current contract, the PIC retains responsibility for general coordination of the W-2 agencies according to written parameters that were to have been agreed upon by DWD and the PIC. However, no such parameters have been developed, and the PIC continues to coordinate activities largely as it had under previous contracts, by attending meetings with DWD, W-2 agencies, community-based organizations, and other interested parties.

Between January 1998 and June 1999, the PIC reported attending approximately 440 meetings to gather and provide information about topics such as W-2 operations, welfare-to-work, child abuse prevention, and BadgerCare. The PIC has been less active in this role since July 1999, attending only about 120 such meetings. This decrease is likely due to a decrease in funding for coordination activities, as well as a reduced need for coordination among the W-2 agencies as their experience with the program increased.

The PIC reported coordinating nine job fairs between January 1998 and August 2000.

The PIC appears to have been most successful at coordinating activities that fall into its traditional areas of expertise, such as creating additional contacts with employers by organizing job fairs. The PIC reported coordinating nine job fairs between January 1998 and August 2000 and conducting employer and participant follow-up activities, such as determining the number of participants who found employment, for each. In addition, the PIC plays an important role in operating the Client Assistance for Re-employment and Economic Support (CARES) computer network by providing W-2 agency access to the CARES system and by performing server maintenance.

Improving Oversight of PIC Activities

Until recently, DWD did not regularly review the PIC's reports or provide guidance.

Although the PIC has provided DWD with monthly reports detailing how it has carried out its contractual obligations since January 1998, DWD has not regularly reviewed the reports or required apparent deficiencies to be corrected, and the limited guidance DWD has provided to the PIC has been confusing at times. For example, DWD approved all 12 plans the PIC submitted for carrying out its contractual responsibilities, even though a number of the plans do not appear to provide much more detail than the contract language itself did.

DWD also provided conflicting guidance on how the PIC was to implement the financial oversight provisions of its contract. It was not until 15 months after the contract term began that DWD was able to clarify that the PIC was not required to contract with an independent accounting firm for additional oversight of the W-2 agencies, and even after this issue was resolved PIC staff remained unclear about whether DWD intended them to follow through with the other financial oversight provisions of the contract.

In October 2000, DWD completed a review to determine whether the PIC had complied with the terms of its contracts and whether the continuation of its current contract was justified. After examining the monthly reports from January 2000 through July 2000, DWD concluded in an internal memorandum that the PIC had not met the terms of its contract by performing all tasks assigned to it. For example, DWD found:

- the required number of fact-finding cases, child care cases, and work sites had not been reviewed;

- the number of case reviews was insufficient, and these reviews did not include sufficient analysis, were not timely, and were not shared with the W-2 agencies;

- the PIC's monthly reimbursement claims did not correspond to activities performed; and

- little is known of the effectiveness of the PIC's work.

In addition, DWD surveyed the Milwaukee County W-2 agencies to assess the PIC's provision of technical assistance. Agencies were generally critical of the PIC and indicated it:

- is rarely used for technical assistance;

- is not always effective in providing technical assistance; and

- is usually the last contact an agency might make for technical assistance.

PIC officials have expressed concern that DWD did not share all specific findings of its review with them. Nevertheless, W-2 agencies in Milwaukee County have been apprehensive of the PIC's role since it first began to review their activities in 1997. Given that part of the PIC's role is to provide oversight, it is possible that the W-2 agencies' view of the PIC is to some extent influenced by the PIC's oversight responsibilities.

The Governor's 2001-03 Biennial Budget Proposal includes $500,000 annually to continue the PIC's oversight role.

DWD has proposed a number of remedies for the deficiencies identified, such as auditing the PIC and changing the format of the monthly PIC reports to reflect contract requirements. DWD's review of the PIC's activities and its plan to require changes should enhance the PIC's performance and improve the quality of information available on W-2 agencies in Milwaukee County. Although DWD's budget request did not include any funding to continue the PIC's role in W-2 monitoring and oversight, the Governor's 2001-03 Biennial Budget Proposal includes funding for the PIC totaling $1.0 million over the biennium, representing a 50 percent reduction from current funding levels. It should be noted that the Governor has also proposed spending an additional $500,000 annually for oversight of all W-2 agencies, although the exact nature of the oversight activities is not specified in the 2001-03 Biennial Budget Proposal. Therefore, the Legislature will need to determine the amount of funding it wishes to appropriate for all monitoring and oversight responsibilities and the role of DWD in ensuring effective use of these funds.

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Future Considerations

The Legislature and DWD have a number of issues to address in the future.

Since W-2 took effect statewide in September 1997 it has had great success in reducing cash assistance caseloads, and it appears to have had some success in helping participants achieve self-sufficiency through employment. However, returning participants represent a growing percentage of the caseload. Local W-2 agencies have raised concerns about current and future contract funding, and they anticipate serving participants with significant barriers to employment. Issues affecting the future of the W-2 program that the Legislature and DWD may wish to consider include:

- whether the challenges posed by participants with multiple or severe barriers to employment are being adequately addressed;
- how best to address the needs of participants who are nearing the time limits established for receipt of services;
- how best to assist individuals who have entered the workforce but remain in poverty in becoming fully self-sufficient; and
- whether to consolidate its contracts to administer the program in Milwaukee County.

DWD notes that it has undertaken a number of initiatives to address emerging issues and integrate efforts to provide W-2 and other services to program participants. For example, in March 2001, DWD released three reports it had contracted for on the changing nature of the W-2 caseload, ways to enhance job retention and advancement, and how best to meet the needs of participants with multiple barriers to employment. Two additional reports on integrating non-custodial parents into the family and breaking the cycle of dependency on public assistance have yet to be released. In addition, in February 2001, DWD consolidated two of its divisions to better address a number of issues, including meeting the future needs of W-2 participants.

Assessing Barriers to Employment

Those with barriers to employment were expected to remain in the program longer than others.

Several months after the implementation of W-2, when reductions to cash assistance caseloads began to be noted, some local agency officials began to anticipate difficulty in serving individuals who were likely to remain in the program. It was expected that participants with prior job experience, higher levels of education, and fewer barriers to employment such as disabilities and mental health or substance abuse problems would find unsubsidized jobs and leave the program before those with more significant barriers to employment. That group was expected to be more likely to remain in the program for longer periods and to begin to constitute a substantial portion of the W-2 caseload.

Although the W-2 population is increasingly composed of returning participants, available data do not suggest that the current caseload consists only of those with higher-than-expected barriers to employment. In fact, the limited data available suggest that, on average, current W-2 participants may have fewer barriers to employment than those who participated in prior years.

As shown in Table 32, trends indicate that the average educational level attained by participants has increased over time, while the extent to which participants, their dependents, or other members of their households have disabilities has remained fairly steady or has declined. The percentage of participants who were high school graduates or who had completed high school equivalency requirements increased slightly, from 45.9 percent in January 1998 to 48.3 percent in July 2000. During the same period, the percentage of participants who either had disabilities or had household members with disabilities declined from 5.9 percent to 5.1 percent. For these data, participants are considered to have a disability if a physician's examination or other professional assessment determines that they have a physical or mental condition that impairs one or more major life functions. In general, other individuals within the household are determined to have a disability if they qualify for SSI or SSDI, or if they receive any other federal payments based on a disability.

The available data do not suggest that those in the program have substantial barriers to employment.

Because information on the specific services provided to W-2 participants was not collected until 2000, it is not possible to determine whether there has been an increase in the number of participants who receive services for significant barriers to employment. However, data from 2000 do not suggest that a large percentage of the existing caseload has such barriers. As noted, only 7.9 percent of participants were provided with disability assessments, 6.0 with mental health counseling, and 2.6 percent with alcohol and other drug abuse (AODA) counseling in 2000.

Table 32

Trends in Educational Attainment and Disability

	January 1998	July 1998	January 1999	July 1999	January 2000	July 2000
Educational Attainment						
High school diploma or equivalent	36.2%	34.5%	34.5%	34.5%	35.4%	39.0%
Post high school work	9.7	8.8	8.7	8.9	9.3	9.3
Total high school or equivalent	45.9%	43.3%	43.2%	43.4%	44.7%	48.3%
Those Having a Disability						
All individuals in the household	5.9%	5.9%	5.7%	5.5%	5.2%	5.1%
Participant	2.8	1.7	2.2	2.6	2.5	2.6
Other adults in the household	17.7	18.3	17.6	18.4	17.5	16.3
Children in the household	5.4	5.6	5.5	5.0	4.6	4.6

Nevertheless, a number of W-2 agencies indicate these data do not provide an accurate picture of what they believe are significant changes in the needs of the participants they serve. Some agency officials contend that as many as one-third of their current W-2 participants have disabilities, AODA problems, mental health concerns, or other potential problems or concerns that create substantial barriers to employment but are not accurately reflected in the data DWD maintains. According to these agency officials, the data collection and management system DWD uses was not designed to capture this type of information, and some local agency staff do not enter all relevant information—such as information concerning domestic abuse—on DWD's system because of privacy concerns. Staff in local agencies also maintain that both the severity of the problems participants exhibit and the extent to which participants are faced with multiple barriers to employment are increasing, making addressing their needs more costly and labor-intensive.

Current administrative practices may not adequately document barriers to employment.

Although DWD has begun compiling data from individual case files on the barriers to employment faced by those participants for whom an extension of the 24-month time limit has been requested, similar data on all W-2 participants remain unavailable. Without adequate information, it is not possible to determine either the extent to which the current W-2 population is affected by substantial barriers to employment or the extent to which those who require specialized services, such as mental health and AODA counseling, are actually receiving them. A better understanding of the prevalence and severity of these problems is important to determining the range of services participants need and the level of funds required to address them. Individual staff may have knowledge of a specific participant's situation, but if these problems are not documented, there is no way to determine whether the W-2 agency has made appropriate referrals or provided adequate services. In addition, without this information neither DWD nor W-2 agencies can make informed decisions regarding requests for extension of program services. Therefore, *we recommend the Department of Workforce Development revise its data collection procedures to ensure that*:

- *the type and severity of barriers to employment faced by individual participants are more completely documented; and*

- *these data are regularly compiled and reviewed by DWD staff.*

Addressing the Needs of Participants Nearing Eligibility Limits

Most participants nearing program eligibility limits are in Milwaukee County.

The earliest date at which any W-2 participant could exhaust the 60-month lifetime limit on program services is September 2001, when 68 individuals could potentially do so. There is also a 24-month statutory limit to participation in each subsidized W-2 employment position. Through June 2000, that limit was approached by 1,551 participants. More than 90 percent of those approaching both time limits reside in Milwaukee County.

Responses to program eligibility limits raise questions about equity and dependency.

W-2 agencies are authorized to seek extensions of both the 60-month and the 24-month limit under conditions specified in federal law or state statutes. Variation in the extent to which extensions have been requested has raised concerns about whether program participants are being treated inequitably because of the flexibility W-2 agencies are allowed in providing services, as well as whether some agencies' efforts to obtain extensions may undermine the program goal of helping participants to achieve self-sufficiency through employment.

Under both federal and state law, the 60-month lifetime limit applies to full or partial months—which do not have to be consecutive—in which an individual W-2 participant or any other adult in the participant's household:

- participates in a subsidized W-2 employment position (trial job, community service job, or W-2 transitional placement);

- is subject to a sanction of benefits for noncompliance with W-2 program rules and regulations;

- has actively participated in the former Job Opportunities and Basic Skills Program since October 1, 1996; and

- has received benefits that were funded by TANF dollars in Wisconsin or any other state.

Both federal and state law allow extensions under some conditions.

Federal law allows assistance beyond the 60-month lifetime limit for up to 20 percent of a state's average monthly caseload, if those families have a hardship or include members who have been battered or subject to extreme cruelty. The State also allows program eligibility to be extended beyond 60 months, based on circumstances such as:

- an inability to work because of personal disability or incapacitation;

- a need for the participant to provide care to another member of the W-2 assistance group whose health and well-being would be significantly affected without the participant's assistance;

- low achievement ability, learning disability, emotional problems, or family problems of such severity that they prevent the participant from obtaining or retaining unsubsidized employment but are insufficient to meet SSI or SSDI requirements; and

- an inability to find unsubsidized employment that pays at least the minimum wage because of local labor market conditions.

68 participants have received cash benefits in each month since 1996.

The most recent data available during the course of our audit indicate that as of November 2000, the number of individuals who used a substantial percentage of their lifetime 60-month limit was fairly small. Through November 2000, 68 of 39,916 individuals (0.2 percent) received benefits in each month since October 1996 and had the fewest number of months of eligibility left within their lifetime limits. DWD compiles data on all participants who have received benefits for 46 months or more, which indicate that through November 2000, 279 individuals had done so. Of these 279 individuals, 267 (95.7 percent) resided in Milwaukee County.

Under the 24-month statutory limit, participants are limited to 24 months—which need not be consecutive—in each of the three categories of subsidized employment available through W-2: that is, a participant is eligible to be employed for no more than 24 months in a community service job, 24 months in a transitional placement, and 24 months in a trial job, unless an extension is granted by DWD or by a W-2 agency with the approval of DWD. Participants are notified that they are approaching the 24-month limit when they have reached 21 months in any position type. At that time, the W-2 agency responsible for providing services is expected to focus more intensively on finding options to address the participant's situation. If a participant has made all appropriate efforts to find unsubsidized employment and has been unable to do so because of local market conditions, an extension may be requested.

As shown in Table 33, 56.2 percent of the 1,551 W-2 participants who were approaching the 24-month time limit in a subsidized position at the end of June 2000 left the program. The 40.6 percent who continued to receive program services either were granted extensions to remain in the same position, moved to different subsidized positions, left subsidized employment but remained in the program to receive case management services, or received other program services.

A number of concerns have been raised about the granting of extensions to W-2 participants approaching program time limits. Questions have been raised about whether all participants are treated equitably when W-2 agencies exercise the flexibility the program allows them to experiment with different approaches to address local needs. There is concern, for example, that private W-2 agencies and those administered by county governments request extensions to the 24-month eligibility limit at different rates.

Table 33

Dispositions of Cases Approaching 24-Month Time Limit
Through June 2000

Disposition	Number of Cases	Percentage of Total
Program Participation Continued		
Participant moved to a different subsidized position category	244	15.7%
Extension requested for current subsidized position	209	13.5
Participant left subsidized employment and entered case management	169	10.9
Participant received other program services	7	0.5
Subtotal	629	40.6%
Program Participation Ended		
Participant obtained employment and left W-2	379	24.4%
Participant chose not to participate or declined additional services	269	17.3
Participant determined ineligible for continued participation	113	7.3
Participant determined to be ready for employment	61	3.9
Participant began receiving SSI, SSDI, or caretaker supplement and was thus ineligible for W-2	44	2.8
Other	7	0.5
Subtotal	873	56.2%
Unknown	49	3.2
Total	1,551	100.0%

As shown in Table 34, the five private agencies in Milwaukee County requested extensions less frequently than W-2 agencies in the balance of the state, most of which were county agencies. Outside of Milwaukee County, W-2 agencies requested extensions for 53.6 percent of their 153 participants who were approaching the program's 24-month limit to employment in a subsidized position category. In contrast, the five private agencies in Milwaukee County requested extensions for 13.4 percent of their 1,398 participants approaching the 24-month limit. Among the five private agencies, extensions were also requested at different rates, ranging from 8.1 to 31.3 percent of the agency caseload.

Table 34

Extensions Requested by W-2 Agencies
Through June 2000

W-2 Agency	Number of Participants Approaching the 24-Month Limit	Number of Extensions Requested	Percentage of Participants for Whom Extensions Were Requested
Milwaukee			
YW Works	99	31	31.3%
UMOS	215	56	26.0
Maximus	226	24	10.6
OIC-GM	354	35	9.9
Employment Solutions	504	41	8.1
Subtotal	1,398	187	13.4
Balance of State	153	82	53.6
Total	1,551	269	17.3

Some argue that private agencies request fewer extensions because private agencies are more successful in addressing participants' needs, and have therefore found extensions unnecessary. Others suggest that the lower percentage of extensions requested by W-2 agencies in Milwaukee County does not indicate better performance, but rather that the Milwaukee County agencies may be moving participants from one subsidized position category to another or determining that they are ready to move from subsidized employment to a case management services placement based on the time limit rather than on their progress in developing skills necessary to become self-sufficient through employment.

There is also concern related to the 60-month limit among those who fear that broad use of extensions may undermine the program's goal of reducing welfare dependency and promoting self-sufficiency. Current law allows DWD flexibility in determining the length of any extensions granted, and no time limits have been specified.

Over the next several years, it is unclear how many individuals will be placed in the position of seeking extensions to their 60-month limit on lifetime eligibility. Although fewer than 225 participants are likely to be affected by this limit by the end of 2001, the manner in which the initial cases are addressed will establish the pattern for how others are dealt with. Therefore, *we recommend the Department of Workforce Development report to the Joint Legislative Audit Committee by September 1, 2001, on*:

- *the number of participants for whom W-2 agencies have requested, or by the end of 2001 are likely to request, extensions to the 60-month time limit, as well as the W-2 agencies currently serving these participants;*
- *the characteristics of participants, or the specific circumstances they face, that have led to the requests for extensions;*
- *how individual W-2 agencies plan to assess and respond to these requests; and*
- *the procedures the Department will use in determining which requests for extensions it plans to review and whether it intends to provide guidance or set specific parameters for the length of time for which extensions will be granted*.

Considering Future Program Modifications

Future challenges include increasing participants' incomes and reducing the number who return.

Although W-2 has been successful at encouraging employment and reducing cash assistance caseloads, a substantial percentage of those who are employed remain in poverty, and publicly financed programs such as Medical Assistance and the Food Stamp and Wisconsin Shares Child Care Subsidy programs remain essential to supporting former participants in unsubsidized employment. In the future, challenges for Wisconsin's welfare reform efforts will likely include enhancing the incomes of program participants to make them truly self-sufficient, while at the same time working to reduce the number of former participants who return to the program.

Meeting these challenges will require a number of policy and administrative questions to be answered. First, DWD will need to assess whether sufficient steps have been taken to address access to services that can reduce the need for cash assistance, including whether W-2 participants, former participants, and other low-income individuals:

- are aware that they may continue to qualify for receipt of food stamps and, as required by federal law, are encouraged to apply for these benefits, which was discussed in a previous Audit Bureau report (report 00-8);
- are aware of and have access to health programs for low-income families, such as Medical Assistance, BadgerCare, and the Birth to 3 program; and
- are aware of and have access to Kinship Care, energy assistance programs, and other local programs available to provide support and counseling.

Second, the Legislature will need to determine the level and type of funds available to support low-income families who are striving to achieve self-sufficiency, including:

- whether future contracts should continue to provide incentives such as community reinvestment and performance bonus funds to W-2 agencies, or whether these resources would be better used to fund state initiatives that more directly address the movement of former W-2 participants out of poverty;
- whether W-2 contractors who misspend public funds should be financially penalized for their actions;
- how to address the substantial increase in child care funding costs that will result if subsidies for low-income working families are maintained at current levels, which was discussed in a previous Audit Bureau report (report 01-1); and

- how best to work with Wisconsin's congressional delegation to ensure that the reauthorization of the TANF legislation, which is expected by 2002, provides adequate flexibility and funding to address Wisconsin's changing welfare reform needs.

Finally, DWD and the Legislature will need to determine how potential obstacles to future program success can be overcome, including:

- how best to encourage non-custodial parents in low-income families to become more involved in the well-being of their children;

- whether more guidance should be provided to W-2 agencies in sanctioning participants for noncompliance with program rules;

- whether more attention should be given to determining what types of services are most effective in facilitating movement of former W-2 participants out of poverty, and thereby reducing their reliance on other types of public assistance;

- whether more attention should be given to understanding the reasons a growing number of participants are returning to the W-2 program;

- whether the current focus of W-2 agencies on assisting participants in finding jobs based on their existing skills, rather than providing more vocational and other training that may assist them in obtaining higher-paying jobs, is the most appropriate approach, or whether with more training, fewer participants would return to the program; and

- how best to serve the large number of individuals who could potentially be eligible to return to the program in the event of an economic downturn.

Program changes may be needed to accomplish W-2's long-term goals.

The manner in which these issues are addressed will likely determine the form W-2 takes in the future, as well as how the State believes its limited resources can best be invested to further the goals of the program. Changes will likely be needed if the program is to accomplish its next challenge of assisting a greater percentage of former participants to find and retain employment that allows them to raise themselves out of poverty.

In addition, consideration could be given to whether consolidation of contracts in Milwaukee County would result in greater effectiveness and lower costs. In September 1997, there were 16,425 W-2 participants in Milwaukee County. By September 2000, that number had fallen to 8,578, or by 47.8 percent. Consequently, five contractors may no longer be needed to adequately serve the remaining participants. Moreover, reducing the number of contractors in Milwaukee County may improve services and reduce costs by:

- creating competition for the right to provide program services;
- reducing the disruption of services by eliminating the need for some participants who move within the county to seek services from different administrative agencies;
- reducing administrative costs by, for example, reducing the number of administrators and other managers needed for program administration; and
- improving oversight of contractor spending, which has become an issue given examples of inappropriate spending that occurred with two of the five Milwaukee contractors during the program's initial implementation period.

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Appendix 1

Profiles of 17 W-2 Agencies

This appendix describes the organization, primary services, and expenditures of the 17 W-2 agencies we visited during the course of our evaluation. The information is organized by the county in which services are delivered and is categorized as follows:

- AGENCY—names the W-2 provider or providers for the county, which may be a county social or human service agency or a private agency;
- SERVICE DELIVERY AREA—may be a county or portion of a county;
- USE OF FUNDS AVAILABLE UNDER THE INITIAL IMPLEMENTATION CONTRACT—provides information on expenditures under the contract in effect from September 1997 through December 1999, the agency's planned use of unrestricted profits, and planned use of community reinvestment funds;
- USE OF FUNDS AVAILABLE UNDER THE CURRENT IMPLEMENTATION CONTRACT—provides information on current contract expenditures, potential bonus funds available under the current contract, and progress in meeting established performance standards;
- CASELOAD INFORMATION—shows changes in cash benefit and case management cases from September 1997 to September 2000;
- SANCTIONS—indicates the number and dollar amount of participant sanctions issued in one month, September 2000; and
- FACT-FINDING REVIEWS—summarizes the number, type, and outcome of fact-finding reviews requested by participants.

BROWN COUNTY

AGENCY: Brown County Department of Human Services

SERVICE DELIVERY AREA: Brown County

USE OF FUNDS AVAILABLE UNDER THE INITIAL IMPLEMENTATION CONTRACT:

The Brown County Department of Human Services spent $6.3 million under the initial implementation contract, of which the agency reports $2.6 million (41.3 percent) was subcontracted service expenditures. As a result of unexpended initial implementation contract funding, the agency received profits of $2.4 million and community reinvestment funds of $4.9 million.

Initial Implementation Contract Expenditures
September 1997 through December 1999

	Expenditures	Percentage of Total
Direct Services:		
Work activities	$1,257,395	20.0%
Eligibility determination	1,370,243	21.8
Case management	363,711	5.8
FSET services	530,351	8.4
Skills training	72,059	1.2
Post-employment services	1,254,620	19.9
Educational activities	177,592	2.8
Subtotal	$5,025,971	79.9%
Cash Benefits:		
Community service jobs	$ 330,525	5.3%
Transitional jobs	267,176	4.2
Sanctions*	13,422	0.2
Trial jobs	16,972	0.3
Subtotal	$ 628,095	10.0%
Administration	$ 548,416	8.7%
Additional Services:		
Contracted child care	$ 0	0.0%
Job access loans	800	<0.1
Emergency assistance	85,036	1.4
Other FSET services	2,928	<0.1
Subtotal	$ 88,764	1.4%
Total	$6,291,246	100.0%

* Except in Milwaukee County, sanctions of participants' grants were counted as expenditures and were charged against an agency's contract. Milwaukee agencies retained all sanctioned funds from the implementation contract.

Use of Profits Under the Initial Implementation Contract

The Brown County Department of Human Services reports that it is using its $2.4 million in unrestricted profits to offset the 1999, 2000, and 2001 county tax levy.

Planned Use of Community Reinvestment Funds Under the Initial Implementation Contract

Supplement to W-2 and related programs	$1,417,416
Services to children at risk for placement in institutional settings and their families, to help maintain the child in the community and to prevent institutional placements	1,000,000
Funds provided to the United Way for grants to community-based organizations and educational institutions for legal services, occupational training, and enhanced child care referrals	999,999
Services to families with newborns, including home visits, parent education, early childhood education and development screenings, and social activities	747,696
Job retention bonuses for participants	300,000
Parenting education program	236,542
Case management services to pregnant and parenting teens, to help them to stay in school, graduate, and become self-sufficient	88,200
Kinship Care Program—case management	64,155
Kinship Care Program—support group	10,000
Total	$4,864,008

USE OF FUNDS AVAILABLE UNDER THE CURRENT IMPLEMENTATION CONTRACT:

The Brown County Department of Human Services' current W-2 contract is for $3.8 million to provide W-2 and related services from January 2000 through December 2001. Between January 2000 and September 2000, $1,312,759, or 34.5 percent of the contract budget, was spent. An additional $267,000 in bonus funds will be available to the Brown County Department of Human Services if it meets established performance standards.

Current Implementation Contract Expenditures
January 2000 through September 2000

	Expenditures	Percentage of Total Expenditures	Total Expenditures as a Percentage of Contract Budget
Direct Services	$1,069,645	81.5%	--
Cash Benefits	72,301	5.5	--
Administration	137,694	10.5	--
Additional Services	33,119	2.5	--
Total	$1,312,759	100.0%	34.5%

Potential Bonus Funds Under the Current Implementation Contract
Available after December 31, 2001

Total Performance Bonus Funds Available:		$266,763
Restricted bonus	$114,327	
Unrestricted bonuses	152,436	
Projected Bonus Based on Performance Standards through December 2000:		$254,060
Restricted bonus	$114,327	
Unrestricted bonuses	139,733	

Progress in Meeting Performance Standards Under the Current Implementation Contract
As of December 31, 2000

	Meeting Performance Standards for Restricted Bonus?	Meeting Performance Standards for First Unrestricted Bonus?	Meeting Performance Standards for Second Unrestricted Bonus?
Entered Employment	Yes	Yes	Yes
Average Wage Rate	Yes	Yes	Yes
Job Retention—30 Days	Yes	No	No
Job Retention—180 Days	Yes	Yes	Yes
Health Insurance Benefits	Yes	Yes	Yes
Full and Appropriate Engagement	Yes	Yes	Yes
Basic Educational Activities	Yes	Yes	Yes
Faith-Based Contract *(optional)*	Not Applicable	Not Applicable	Yes
Basic Skills/Job Skills *(optional)*	Not Applicable	Not Applicable	No

CASELOAD INFORMATION: Overall, the participant caseload declined 86.1 percent from September 1997 to September 2000.

	September 1997	September 2000	Percentage Change
Cash benefit cases	260	18	--
Case management cases	13	20	--
Total	273	38	(86.1%)

SANCTIONS: The Brown County Department of Human Services sanctioned one community service jobs participant for $542 in September 2000.

FACT-FINDING REVIEWS: Between May 1999 and September 2000, 11 participants requested 13 fact-finding reviews. Information on complaint topics and outcomes is summarized in the following table:

Topic of Complaint	Ruled in Favor of Agency	Ruled in Favor of Applicant	Request Withdrawn
Employment	1	1	2
Child care	5	1	2
Emergency assistance	1	0	0
Job access loan	0	0	0
24-month extension	0	0	0
Total	7	2	4

DANE COUNTY

AGENCY: Dane County Department of Human Services

SERVICE DELIVERY AREA: Dane County

USE OF FUNDS AVAILABLE UNDER THE INITIAL IMPLEMENTATION CONTRACT:

The Dane County Department of Human Services spent $18.7 million under the initial implementation contract, of which the agency reports $6.1 million (32.6 percent) was subcontracted service expenditures. As a result of unexpended initial implementation contract funding, the agency received profits of $2.6 million and community reinvestment funds of $3.1 million.

Initial Implementation Contract Expenditures
September 1997 through December 1999

	Expenditures	Percentage of Total
Direct Services:		
Work activities	$ 2,983,879	15.9%
Eligibility determination	4,054,596	21.7
Case management	759,803	4.1
FSET services	1,372,215	7.3
Skills training	452,935	2.4
Post-employment services	135,794	0.7
Educational activities	230,145	1.2
Subtotal	$ 9,989,367	53.3%
Cash Benefits:		
Community service jobs	$ 3,681,512	19.7%
Transitional jobs	1,891,899	10.1
Sanctions*	546,808	2.9
Trial jobs	51,680	0.3
Subtotal	$ 6,171,899	33.0%
Administration	$ 1,835,464	9.8%
Additional Services:		
Contracted child care	$ 188,400	1.0%
Job access loans	232,089	1.2
Emergency assistance	313,806	1.7
Other FSET services	0	0.0
Subtotal	$ 734,295	3.9%
Total	$18,731,025	100.0%

* Except in Milwaukee County, sanctions of participants' grants were counted as expenditures and were charged against an agency's contract. Milwaukee agencies retained all sanctioned funds from the implementation contract.

Use of Profits Under the Initial Implementation Contract

The Dane County Department of Human Services reports that of its $2.6 million in unrestricted profits:

- $1,257,000 was used to provide housing services, including counseling and rental assistance, during 2000 and 2001;
- $994,000 was used to fund medical services for general assistance clients during 1999 and 2000; and
- $349,000 has not been budgeted for a specific purpose.

Planned Use of Community Reinvestment Funds Under the Initial Implementation Contract

Case management and AODA treatment for non-custodial parents leaving jail	$ 710,884
Services to link individuals to full-time employment and advancement opportunities	370,697
Housing vouchers to prevent evictions or secure housing	439,641
Culturally appropriate services for Southeast Asian adults with disabilities	290,500
Youth employment services	279,000
Supplement to W-2 and related programs	255,036
Development of employee assistance services at employment sites	212,712
Coordination of job center and neighborhood services	168,000
Employment services for absent parents	149,574
Expansion of emergency food and clothing services	82,400
Neighborhood stabilization and housing counseling services	65,000
Transportation services	60,000
Culturally appropriate case management services for families moving to employment	40,000
Total	$3,123,444

USE OF FUNDS AVAILABLE UNDER THE CURRENT IMPLEMENTATION CONTRACT:

Dane County Department of Human Services' current W-2 contract is for $17.0 million to provide W-2 and related services from January 2000 through December 2001. Between January 2000 and September 2000, $6,574,128, or 38.7 percent of the contract budget, was spent. An additional $1.2 million in bonus funds will be available to the Dane County Department of Human Services if it meets established performance standards.

Current Implementation Contract Expenditures
January 2000 through September 2000

	Expenditures	Percentage of Total Expenditures	Total Expenditures as a Percentage of Contract Budget
Direct Services	$3,563,202	54.2%	--
Cash Benefits	1,480,265	22.5	--
Administration	690,286	10.5	--
Additional Services	840,375	12.8	--
Total	$6,574,128	100.0%	38.7%

Potential Bonus Funds Under the Current Implementation Contract

Available after December 31, 2001

Total Performance Bonus Funds Available:		$1,189,057
Restricted bonus	$509,597	
Unrestricted bonuses	679,460	
Projected Bonus Based on Performance Standards through December 2000:		$1,132,434
Restricted bonus	$509,597	
Unrestricted bonuses	622,837	

Progress in Meeting Performance Standards Under the Current Implementation Contract

As of December 31, 2000

	Meeting Performance Standards for Restricted Bonus?	Meeting Performance Standards for First Unrestricted Bonus?	Meeting Performance Standards for Second Unrestricted Bonus?
Entered Employment	Yes	Yes	Yes
Average Wage Rate	Yes	Yes	Yes
Job Retention—30 Days	Yes	Yes	Yes
Job Retention—180 Days	Yes	No	No
Health Insurance Benefits	Yes	Yes	Yes
Full and Appropriate Engagement	Yes	Yes	Yes
Basic Educational Activities	Yes	Yes	Yes
Faith-Based Contract *(optional)*	Not Applicable	Not Applicable	Yes
Basic Skills/Job Skills *(optional)*	Not Applicable	Not Applicable	No

CASELOAD INFORMATION: Overall, the participant caseload declined 42.6 percent from September 1997 to September 2000.

	September 1997	September 2000	Percentage Change
Cash benefit cases	940	305	--
Case management cases	5	237	--
Total	945	542	(42.6%)

SANCTIONS: The Dane County Department of Human Services sanctioned 75 participants in September 2000. Information on the type of cases sanctioned and average sanction amount is summarized in the following table:

Placement Type	Number of Participants Sanctioned	Average Sanction Amount
Community service job	58	$289
Transitional placement	17	195
Other	0	0
Total	75	268

FACT-FINDING REVIEWS: Between May 1999 and September 2000, 12 participants requested 12 fact-finding reviews. Information on complaint topics and outcomes is summarized in the following table:

Topic of Complaint	Ruled in Favor of Agency	Ruled in Favor of Participant	Request Withdrawn	Request Dismissed
Employment	5	1	1	1
Child care	3	0	1	0
Emergency assistance	0	0	0	0
Job access loan	0	0	0	0
24-month extension	0	0	0	0
Total	8	1	2	1

EAU CLAIRE COUNTY

AGENCY: Eau Claire County Department of Human Services

SERVICE DELIVERY AREA: Eau Claire County

USE OF FUNDS AVAILABLE UNDER THE INITIAL IMPLEMENTATION CONTRACT:

The Eau Claire County Department of Human Services spent $4.1 million under the initial implementation contract, of which the agency reports $0.7 million (17.1 percent) was on subcontracted service expenditures. As a result of unexpended initial implementation contract funding, the agency received profits of $1.5 million and community reinvestment funds of $3.0 million.

Initial Implementation Contract Expenditures
September 1997 through December 1999

	Expenditures	Percentage of Total
Direct Services:		
Work activities	$ 704,800	17.3%
Eligibility determination	784,165	19.3
Case management	280	<0.1
FSET services	277,760	6.8
Skills training	329,929	8.1
Post-employment services	0	0.0
Educational activities	122,384	3.0
Subtotal	$2,219,318	54.5%
Cash Benefits:		
Community service jobs	$ 393,295	9.7%
Transitional jobs	350,119	8.6
Sanctions*	22,371	0.5
Trial jobs	8,471	0.2
Subtotal	$ 774,256	19.0%
Administration	$ 992,746	24.4%
Additional Services:		
Contracted child care	$ 0	0.0%
Job access loans	1,550	<0.1
Emergency assistance	84,882	2.1
Other FSET services	0	0.0
Subtotal	$ 86,432	2.1%
Total	$4,072,752	100.0%

* Except in Milwaukee County, sanctions of participants' grants were counted as expenditures and were charged against an agency's contract. Milwaukee agencies retained all sanctioned funds from the implementation contract.

Use of Profits Under the Initial Implementation Contract

The Eau Claire County Department of Human Services reports that it is using its $1.5 million in unrestricted profits for the following activities:

- $592,000 for a youth assessment center, to provide services to delinquent youth and prevent out-of-home placements;
- $536,000 to provide case management services, activities, and other services to adjudicated delinquents and youth in out-of-home placements, to reduce recidivism, truancy, and placements in more restrictive settings;
- $152,000 for development and start-up costs for the county job center;
- $150,000 for funding Department of Human Services operations in 1999; and
- $35,000 for miscellaneous projects and services.

Planned Use of Community Reinvestment Funds Under the Initial Implementation Contract

Full-day kindergarten through the Eau Claire School District	$ 518,000
Child care resource development staff to work with businesses and providers to expand child care options	380,000
Funds not designated for a specific purpose	235,000
Parent education and support services provided through the Family Resource Center	170,000
Emergency shelter, case management, and post-shelter support services for families and pregnant women	160,000
In-home family counseling and education for families at risk of disintegration or disruption due to abusive, insufficient, or inadequate parenting	120,000
Child care services for homeless shelter residents	81,960
Education and work linkage program for youth	80,000
Early intervention services to families at risk for child abuse and neglect	76,000
Literacy services	75,000
Deferred prosecution services to reduce family violence and assist with maintaining employment	75,000
Family strengthening program for Hmong families	75,000
Services to youth to prevent gang affiliation and violence	75,000
Quality assurance and monitoring activities related to the administration of community reinvestment projects	73,000
Parenting education, classes, and activities for families in the Augusta School District Early Intervention program	70,000
Expansion of employment and training services for non–W-2 families	67,436
Counseling, family stabilization services, and employment assistance for victims of domestic, violence and their families	65,000
Itinerant AODA services provided to high school and middle school students	61,000
Expansion of W-2 related services to include individuals ineligible for W-2 services due to income limits	60,000
Supportive parenting program for parents with cognitive limitations	55,000
Job coach and mentoring services to individuals in need of workplace support	50,000
Employment enhancement services for newly employed Hmong workers and Hmong youth	50,000
Expansion of services to youth through the Big Brothers Big Sisters program	50,000
Education services to increase employability of community members	50,000
Expansion of after-school activities	47,088
Transportation grant matching funds	40,000
Emergency food and household items for needy families	31,875

Planned Use of Community Reinvestment Funds Under the Initial Implementation Contract

Supportive services provided by a free medical clinic	$ 29,685
Child abuse prevention services, including assessment and parenting skills training	25,000
Building rehabilitation and installation of a security system for a domestic violence shelter	5,000
Total	$2,951,044

USE OF FUNDS AVAILABLE UNDER THE CURRENT IMPLEMENTATION CONTRACT:

The Eau Claire County Department of Human Services' current W-2 contract is for $3.2 million to provide W-2 and related services from January 2000 through December 2001. Between January 2000 and September 2000, $966,790, or 30.2 percent of the contract budget, was spent. An additional $223,000 in bonus funds will be available to the Eau Claire County Department of Human Services if it meets established performance standards.

Current Implementation Contract Expenditures
January 2000 through September 2000

	Expenditures	Percentage of Total Expenditures	Total Expenditures as a Percentage of Contract Budget
Direct Services	$608,236	62.9%	--
Cash Benefits	79,799	8.2	--
Administration	219,257	22.7	--
Additional Services	59,498	6.2	--
Total	$966,790	100.0%	30.2%

Potential Bonus Funds Under the Current Implementation Contract
Available after December 31, 2001

Total Possible Performance Bonus Funds Available:		$223,097
Restricted bonus	$ 95,613	
Unrestricted bonuses	127,484	
Projected Bonus Based on Performance Standards through December 2000:		$191,226
Restricted bonus	$ 95,613	
Unrestricted bonuses	95,613	

Progress in Meeting Performance Standards Under the Current Implementation Contract

As of December 31, 2000

	Meeting Performance Standards for Restricted Bonus?	Meeting Performance Standards for First Unrestricted Bonus?	Meeting Performance Standards for Second Unrestricted Bonus?
Entered Employment	Yes	Yes	Yes
Average Wage Rate	Yes	Yes	Yes
Job Retention—30 Days	Yes	Yes	No
Job Retention—180 Days	Yes	Yes	No
Health Insurance Benefits	Yes	Yes	Yes
Full and Appropriate Engagement	Yes	Yes	Yes
Basic Educational Activities	Yes	No	No
Faith-Based Contract *(optional)*	Not Applicable	Not Applicable	Yes
Basic Skills/Job Skills *(optional)*	Not Applicable	Not Applicable	No

CASELOAD INFORMATION: Overall, the participant caseload declined 85.4 percent from September 1997 to September 2000.

	September 1997	September 2000	Percentage Change
Cash benefit cases	198	16	--
Case management cases	1	13	--
Total	199	29	(85.4%)

SANCTIONS: The Eau Claire County Department of Human Services sanctioned two participants in September 2000. Information on the type of cases sanctioned and average sanction amount is summarized in the following table:

Placement Type	Number of Participants Sanctioned	Average Sanction Amount
Community service job	1	$216
Transitional placement	1	72
Other	0	0
Total	2	144

FACT-FINDING REVIEWS: Between May 1999 and September 2000, two participants requested two fact-finding reviews. Information on complaint topics and outcomes is summarized in the following table:

Topic of Complaint	Ruled in Favor of Agency	Ruled in Favor of Participant	Request Withdrawn
Employment	0	0	0
Child care	2	0	0
Emergency assistance	0	0	0
Job access loan	0	0	0
24-month extension	0	0	0
Totals	2	0	0

FOND DU LAC COUNTY

AGENCY: Fond du Lac County Department of Social Services

SERVICE DELIVERY AREA: Fond du Lac County

USE OF FUNDS AVAILABLE UNDER THE INITIAL IMPLEMENTATION CONTRACT:

The Fond du Lac County Department of Social Services spent $1.9 million under the initial implementation contract, of which the agency reports approximately $12,000 (0.6 percent) was subcontracted service expenditures. As a result of unexpended initial implementation contract funding, the agency received profits of $465,000 and community reinvestment funds of $833,000.

Initial Implementation Contract Expenditures
September 1997 through December 1999

	Expenditures	Percentage of Total
Direct Services:		
Work activities	$ 173,855	9.3%
Eligibility determination	134,163	7.2
Case management	219,257	11.8
FSET services	125,775	6.8
Post-employment services	92,171	5.0
Skills training	101,787	5.5
Educational activities	46,816	2.5
Subtotal	$ 893,824	48.1%
Cash Benefits:		
Community service jobs	$ 279,746	15.0%
Transitional jobs	245,272	13.2
Sanctions*	10,110	0.5
Trial jobs	691	<0.1
Subtotal	$ 535,819	28.7%
Administration	$ 359,553	19.3%
Additional Services:		
Contracted child care	$ 0	0.0%
Job access loans	50,294	2.7
Emergency assistance	15,844	0.9
Other FSET services	5,374	0.3
Subtotal	$ 71,512	3.9%
Total	$1,860,708	100.0%

* Except in Milwaukee County, sanctions of participants' grants were counted as expenditures and were charged against an agency's contract. Milwaukee agencies retained all sanctioned funds from the implementation contract.

Use of Profits Under the Initial Implementation Contract

The Fond du Lac County Department of Social Services reports that it is using its $465,000 in unrestricted profits to expand agency services available to low-income individuals and families by:

- funding basic county social services in an effort to offset increases in the county tax levy;
- increasing agency staffing to provide more contact and support to low-income families seeking services;
- providing an agency social worker to assist with a skills-building class for teens at the Boys and Girls Club; and
- providing small grants to families to address employment barriers.

Planned Use of Community Reinvestment Funds Under the Initial Implementation Contract

Supplement to W-2 and related programs	$305,600
Family support services to assist with time management, child care, and budgeting	84,880
Emergency loans for food, shelter, utilities, child care, and other items	80,000
Clinical social worker for consultations with W-2 participants	67,102
Support services for families with emotionally disturbed children	60,000
Domestic abuse services	50,000
After-school activities for children	43,991
Services for sexual assault/abuse victims and their families	40,000
Transitional living services	36,747
Respite child care	20,080
Retention training for employed individuals	16,000
Individualized development accounts for home ownership	15,000
Interpreter services	10,000
Information and referral system for community services	4,000
Total	$833,400

USE OF FUNDS AVAILABLE UNDER THE CURRENT IMPLEMENTATION CONTRACT:

Fond du Lac County Department of Social Services' current W-2 contract is for $2.8 million to provide W-2 and related services from January 2000 through December 2001. Between January 2000 and September 2000, approximately $549,383, or 19.6 percent of the contract budget, was spent. An additional $194,000 in bonus funds will be available to the Fond du Lac County Department of Social Services if it meets established performance standards.

Current Implementation Contract Expenditures
January 2000 through September 2000

	Expenditures	Percentage of Total Expenditures	Total Expenditures as a Percentage of Contract Budget
Direct Services	$270,928	49.3%	--
Cash Benefits	182,714	33.2	--
Administration	61,331	11.2	--
Additional Services	34,410	6.3	--
Total	$549,383	100.0%	19.6%

Potential Bonus Funds Under the Current Implementation Contract
Available after December 31, 2001

Total Possible Performance Bonus Funds Available:		$193,886
Restricted bonus	$ 83,094	
Unrestricted bonuses	110,792	
Projected Bonus Based on Performance Standards through December 2000:		$189,270
Restricted bonus	$ 83,094	
Unrestricted bonuses	106,176	

Progress in Meeting Performance Standards Under the Current Implementation Contract
As of December 31, 2000

	Meeting Performance Standards for Restricted Bonus?	Meeting Performance Standards for First Unrestricted Bonus?	Meeting Performance Standards for Second Unrestricted Bonus?
Entered Employment	Yes	Yes	Yes
Average Wage Rate	Yes	Yes	Yes
Job Retention—30 Days	Yes	Yes	Yes
Job Retention—180 Days	Yes	Yes	No
Health Insurance Benefits	Yes	Yes	Yes
Full and Appropriate Engagement	Yes	Yes	Yes
Basic Educational Activities	Yes	Yes	Yes
Faith-Based Contract *(optional)*	Not Applicable	Not Applicable	Yes
Basic Skills/Job Skills *(optional)*	Not Applicable	Not Applicable	No

CASELOAD INFORMATION: Overall, the participant caseload declined 1.5 percent from September 1997 to September 2000.

	September 1997	September 2000	Percentage Change
Cash benefit cases	65	40	--
Case management cases	3	27	--
Total	68	67	(1.5%)

SANCTIONS: The Fond du Lac County Department of Social Services sanctioned one community service job participant for $191 in September 2000.

FACT-FINDING REVIEWS: Between May 1999 and September 2000, one participant requested a fact-finding review related to child care. The case was resolved in favor of the agency.

GRANT COUNTY

AGENCY: Grant County Department of Social Services, which is a member of and administrative agency for the Southwest Consortium, a collaborative effort by Grant, Green, Iowa, Lafayette, and Richland counties to provide W-2 services.

SERVICE DELIVERY AREA: Grant County

USE OF FUNDS AVAILABLE UNDER THE INITIAL IMPLEMENTATION CONTRACT:

The Grant County Department of Social Services spent $560,000 under the initial implementation contract. Because Grant County was one of five counties in the Southwest Consortium, it was not possible to determine the amount of funds subcontracted specifically for services in Grant County. As a result of unexpended initial implementation contract funding, the agency received profits that amounted to approximately $223,000 and community reinvestment funds that amounted to approximately $376,000.

Initial Implementation Contract Expenditures
September 1997 through December 1999

	Expenditures	Percentage of Total
Direct Services:		
Work activities	$ 15,501	2.8%
Eligibility determination	195,868	35.0
Case management	1,647	0.3
FSET services	113,900	20.3
Skills training	12,652	2.3
Post-employment services	4,017	0.7
Educational activities	2,354	0.4
Subtotal	$345,939	61.8%
Cash Benefits:		
Community service jobs	$ 44,490	7.9%
Transitional jobs	47,003	8.4
Sanctions*	686	0.1
Trial jobs	0	0.0
Subtotal	$ 92,179	16.4%
Administration	$102,671	18.3%
Additional Services:		
Contracted child care	$ 0	0.0
Job access loans	0	0.0
Emergency assistance	300	0.1
Other FSET services	19,120	3.4
Subtotal	$ 19,420	3.5%
Total	$560,209	100.0%

* Except in Milwaukee County, sanctions of participants' grants were counted as expenditures and were charged against an agency's contract. Milwaukee agencies retained all sanctioned funds from the implementation contract.

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Use of Profits Under the Initial Implementation Contract

The Southwest Consortium reports that the $223,000 in unrestricted profits earned by the Grant County Department of Social Services has been placed in a reserve fund for future use related to W-2.

Planned Use of Community Reinvestment Funds Under the Initial Implementation Contract

Grants to community-based organizations and educational institutions for family resource centers, parenting services, adult basic education services, and AODA and mental health services	$ 98,140
Intergenerational family literacy program	90,251
Outreach and services to employers to supplement Job Center services	44,537
Outreach to churches to develop programming for W-2 participants	36,000
Workplace vocational training	30,000
Assistance with transportation and work-related expenses for low-income individuals	25,000
Work program services to teen parents, including classes and home visits	15,318
Job coaching to assist working individuals in developing skills at work and home	10,000
Youth recreation and child care services	10,000
Funds used for processing vendor reimbursements for transportation and work-related expense vouchers	5,819
Assistance to child care providers to start or expand child care services	5,000
Staff development training for social service and job center staff	5,000
Mentoring services for low-income families	1,284
Total	$376,349

USE OF FUNDS AVAILABLE UNDER THE CURRENT IMPLEMENTATION CONTRACT:

The Southwest Consortium's current W-2 contract is for $2.5 million to provide W-2 and related services from January 2000 through December 2001. Of the $2.5 million, approximately $754,000 is budgeted for use by the Grant County Department of Social Services. Between January 2000 and September 2000, $340,658, or 45.2 percent of the amount budgeted for Grant County, was spent by the Grant County Department of Social Services.

Approximately $175,000 in additional bonus funding will be available to the Southwest Consortium if it meets established performance standards, of which approximately $53,000 will be made available to the Grant County Department of Social Services.

Current Implementation Contract Expenditures
January 2000 through September 2000

	Expenditures	Percentage of Total Expenditures	Total Expenditures as a Percentage of Contract Budget
Direct Services	$239,542	70.3%	--
Cash Benefits	21,438	6.3	--
Administration	74,669	21.9	--
Additional Services	5,009	1.5	
Total	$340,658	100.0%	45.2%

Potential Bonus Funds Under the Current Implementation Contract
Available after December 31, 2001

Total Performance Bonus Funds Available:		$52,799
Restricted bonus	$22,628	
Unrestricted bonuses	30,171	
Projected Bonus Based on Performance Standards through December 2000:		$52,799
Restricted bonus	$22,628	
Unrestricted bonuses	30,171	

Progress in Meeting Performance Standards Under the Current Implementation Contract*
As of December 31, 2000

	Meeting Performance Standards for Restricted Bonus?	Meeting Performance Standards for First Unrestricted Bonus?	Meeting Performance Standards for Second Unrestricted Bonus?
Entered Employment	Yes	Yes	No
Average Wage Rate	Yes	Yes	Yes
Job Retention—30 Days	Yes	Yes	Yes
Job Retention—180 Days	Yes	Yes	Yes
Health Insurance Benefits	Yes	Yes	Yes
Full and Appropriate Engagement	Yes	Yes	Yes
Basic Educational Activities	Yes	Yes	Yes
Faith-Based Contract *(optional)*	Not Applicable	Not Applicable	Yes
Basic Skills/Job Skills *(optional)*	Not Applicable	Not Applicable	No

* Reported information is for the entire Southwest Consortium.

CASELOAD INFORMATION: Overall, the participant caseload declined 89.7 percent from September 1997 to September 2000.

	September 1997	September 2000	Percentage Change
Cash benefit cases	29	3	--
Case management cases	1	2	--
Total	30	5	(83.3%)

SANCTIONS: The Grant County Department of Social Services sanctioned no participants in September 2000.

FACT-FINDING REVIEWS: Between May 1999 and September 2000, three participants requested five fact-finding reviews. Information on complaint topics and outcomes is summarized in the following table:

Topic of Complaint	Ruled in Favor of Agency	Ruled in Favor of Participant	Request Withdrawn
Employment	2	1	0
Child care	0	0	0
Emergency assistance	0	0	0
Job access loan	1	1	0
24-month extension	0	0	0
Totals	3	2	0

KENOSHA COUNTY

AGENCY: Kenosha County Department of Human Services

SERVICE DELIVERY AREA: Kenosha County

USE OF FUNDS AVAILABLE UNDER THE INITIAL IMPLEMENTATION CONTRACT:

The Kenosha County Department of Human Services spent $16.4 million under the initial implementation contract, of which the agency reports $5.1 million (31.1 percent) was subcontracted service expenditures. As a result of unexpended initial implementation contract funding, the agency received profits of $1.6 million and community reinvestment funds of $1.1 million.

Initial Implementation Contract Expenditures
September 1997 through December 1999

	Expenditures	Percentage of Total
Direct Services:		
Work activities	$ 2,905,580	17.7%
Eligibility determination	6,223,414	38.0
Case management	0	0.0
FSET services	418	<0.1
Skills training	228,335	1.4
Post-employment services	1,198,311	7.3
Educational activities	556,876	3.4
Subtotal	$11,112,934	67.8%
Cash Benefits:		
Community service jobs	$ 1,894,029	11.6%
Transitional jobs	641,079	3.9
Sanctions	293,879	1.8
Trial jobs	7,255	<0.1
Subtotal	$ 2,836,242	17.3%
Administration	$ 1,751,727	10.7%
Additional Services:		
Contracted child care	$ 396,255	2.4%
Job access loans	118,765	0.7
Emergency assistance	173,483	1.1
Other FSET services	6,623	<0.1
Subtotal	$ 695,126	4.2%
Total	$16,396,029	100.0%

* Except in Milwaukee County, sanctions of participants' grants were counted as expenditures and were charged against an agency's contract. Milwaukee agencies retained all sanctioned funds from the implementation contract.

Use of Profits Under the Initial Implementation Contract

The Kenosha County Department of Human Services reports transferring $881,000 of the $1.6 million in unrestricted profits to Kenosha County's general fund, and using $738,000 to fund out-of-home placements for children in need of protective services.

Planned Use of Community Reinvestment Funds Under the Initial Implementation Contract

According to the Kenosha County Department of Human Services, all $1.1 million in community reinvestment funds will be used to supplement W-2 and related programs.

USE OF FUNDS AVAILABLE UNDER THE CURRENT IMPLEMENTATION CONTRACT:

Kenosha County Department of Human Services' current W-2 contract is for $9.3 million to provide W-2 and related services from January 2000 through December 2001. Between January 2000 and September 2000, $3,780,690, or 40.7 percent of the contract budget, was spent. An additional $650,000 in bonus funds will be available to the Kenosha County Department of Human Services if it meets established performance standards.

Current Implementation Contract Expenditures
January 2000 through September 2000

	Expenditures	Percentage of Total Expenditures	Total Expenditures as a Percentage of Contract Budget
Direct Services	$2,042,132	54.0%	--
Cash Benefits	1,101,850	29.1	--
Administration	418,714	11.1	--
Additional Services	217,994	5.8	--
Total	$3,780,690	100.0%	40.7%

Potential Bonus Funds Under the Current Implementation Contract
Available after December 31, 2001

Total Possible Performance Bonus Funds Available:		$649,995
Restricted bonus	$278,569	
Unrestricted bonuses	371,426	
Projected Bonus Based on Performance Standards through December 2000:		$541,662
Restricted bonus	$278,569	
Unrestricted bonuses	263,093	

Performance Standards Under the Current Implementation Contract
As of December 31, 2000

	Meeting Performance Standards for Restricted Bonus?	Meeting Performance Standards for First Unrestricted Bonus?	Meeting Performance Standards for Second Unrestricted Bonus?
Entered Employment	Yes	No	No
Average Wage Rate	Yes	Yes	Yes
Job Retention—30 Days	Yes	Yes	No
Job Retention—180 Days	Yes	Yes	Yes
Health Insurance Benefits	Yes	Yes	No
Full and Appropriate Engagement	Yes	Yes	Yes
Basic Educational Activities	Yes	Yes	Yes
Faith-Based Contract *(optional)*	Not Applicable	Not Applicable	Yes
Basic Skills/Job Skills *(optional)*	Not Applicable	Not Applicable	No

CASELOAD INFORMATION: Overall, the participant caseload declined 36.9 percent from September 1997 to September 2000.

	September 1997	September 2000	Percentage Change
Cash benefit cases	486	195	--
Case management cases	78	161	--
Total	564	356	(36.9%)

SANCTIONS: The Kenosha County Department of Human Services sanctioned 52 participants in September 2000. Information on the type of cases sanctioned and average sanction amount is summarized in the following table:

Placement Type	Number of Participants Sanctioned	Average Sanction Amount
Community service job	46	$303
Transitional placement	6	231
Other	0	0
Total	52	295

FACT-FINDING REVIEWS: Between May 1999 and September 2000, 19 participants requested 19 fact-finding reviews. Information on complaint topics and outcomes is summarized in the following table:

Topic of Complaint	Ruled in Favor of Agency	Ruled in Favor of Participant	Request Resolved	Request Dismissed	Request Pending
Employment	3	3	1	4	1
Child care	2	0	1	1	1
Emergency assistance	0	0	0	0	0
Job access loan	1	0	1	0	0
24-month extension	0	0	0	0	0
Total	6	3	3	5	2

MANITOWOC COUNTY

AGENCY: Manitowoc County Human Services Department

SERVICE DELIVERY AREA: Manitowoc County

USE OF FUNDS AVAILABLE UNDER THE INITIAL IMPLEMENTATION CONTRACT:

The Manitowoc County Human Services Department spent $1.7 million under the initial implementation contract, of which the agency reports $426,000 (25.1 percent) was subcontracted service expenditures. As a result of unexpended initial implementation contract funding, the agency received profits of $605,000 and community reinvestment funds of $1.2 million.

Initial Implementation Contract Expenditures
September 1997 through December 1999

	Expenditures	Percentage of Total
Direct Services:		
Work activities	$ 805,719	46.3%
Eligibility determination	184,236	10.6
Case management	32,982	1.9
FSET services	94,893	5.4
Skills training	26,669	1.5
Post-employment services	26,075	1.5
Educational activities	7,235	0.4
Subtotal	$1,177,809	67.6%
Cash Benefits:		
Community service jobs	$ 60,224	3.4%
Transitional jobs	50,062	2.9
Sanctions*	3,054	0.2
Trial jobs	0	0.0
Subtotal	$ 113,340	6.5%
Administration	$ 447,637	25.7%
Additional Services:		
Contracted child care	$ 0	0.0%
Job access loans	800	<0.1
Emergency assistance	1,702	0.1
Other FSET services	500	<0.1
Subtotal	$ 3,002	0.2%
Total	$1,741,788	100.0%

* Except in Milwaukee County, sanctions of participants' grants were counted as expenditures and were charged against an agency's contract. Milwaukee agencies retained all sanctioned funds from the implementation contract.

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Use of Profits Under the Initial Implementation Contract

The Manitowoc County Human Services Department reports that it used its $605,000 in unrestricted profits to offset a budget deficit in alternate care programs for children and juveniles that resulted from funding shortfalls from other state programs.

Planned Use of Community Reinvestment Funds Under the Initial Implementation Contract

Supplement to W-2 and related programs	$ 575,000
Counseling services related to child welfare, AODA, and mental health	145,602
Administration of programs receiving community reinvestment funds	93,360
Coordination of services to Hispanic community	70,998
Temporary basic needs assistance	54,000
Enhanced services through food pantries	50,000
Learning club for academically at-risk children	46,800
Teen pregnancy prevention	28,700
Mentoring program for juvenile offenders and child abuse/neglect victims	24,473
Transportation assistance	22,204
Auto repairs	20,000
Group and individual therapy	18,300
On-site child care center	17,465
Legal services to eliminate employment barriers	12,000
Outreach and case management for Hmong community	10,500
Supplemental services to non-custodial parents	10,000
Total	$1,199,402

USE OF FUNDS AVAILABLE UNDER THE CURRENT IMPLEMENTATION CONTRACT:

Manitowoc County Human Services Department's current contract is for $826,000 to provide W-2 and related services from January 2000 through December 2001. Between January 2000 and September 2000, $436,255, or 52.8 percent of the contract budget, was spent. An additional $58,000 in bonus funds will be available to the Manitowoc County Human Services Department if it meets established performance standards.

Current Implementation Contract Expenditures
January 2000 through September 2000

	Expenditures	Percentage of Total Expenditures	Total Expenditures as a Percentage of Contract Budget
Direct Services	$336,403	77.1%	--
Cash Benefits	7,682	1.8	--
Administration	77,900	17.8	--
Additional Services	14,270	3.3	--
Total	$436,255	100.0%	52.8%

Potential Bonus Funds Under the Current Implementation Contract
Available after December 31, 2001

Total Possible Performance Bonus Funds Available:		$57,804
Restricted bonus	$24,773	
Unrestricted bonuses	33,031	
Projected Bonus Based on Performance Standards through December 2000:		$53,674
Restricted bonus	$24,773	
Unrestricted bonuses	28,901	

Progress in Meeting Performance Standards Under the Current Implementation Contract
As of December 31, 2000

	Meeting Performance Standards for Restricted Bonus?	Meeting Performance Standards for First Unrestricted Bonus?	Meeting Performance Standards for Second Unrestricted Bonus?
Entered Employment	Yes	Yes	Yes
Average Wage Rate	Yes	Yes	Yes
Job Retention—30 Days	Yes	Yes	No
Job Retention—180 Days	Yes	Yes	Yes
Health Insurance Benefits	Yes	Yes	No
Full and Appropriate Engagement	Yes	Yes	Yes
Basic Educational Activities	Yes	Yes	Yes
Faith-Based Contract *(optional)*	Not Applicable	Not Applicable	Yes
Basic Skills/Job Skills *(optional)*	Not Applicable	Not Applicable	No

CASELOAD INFORMATION: Overall, the participant caseload declined 81.4 percent from September 1997 to September 2000.

	September 1997	September 2000	Percentage Change
Cash benefit cases	43	3	--
Case management cases	0	5	--
Total	43	8	(81.4%)

SANCTIONS: The Manitowoc County Human Services Department sanctioned no participants in September 2000.

FACT-FINDING REVIEWS: Between May 1999 and September 2000, no participants requested fact-finding reviews.

MILWAUKEE COUNTY—EMPLOYMENT SOLUTIONS, INC.

AGENCY: Employment Solutions, Inc., a private nonprofit organization

SERVICE DELIVERY AREA: Milwaukee County Regions 4 and 5

USE OF FUNDS AVAILABLE UNDER THE INITIAL IMPLEMENTATION CONTRACT:

Employment Solutions spent $94.8 million under the initial implementation contract, of which the agency reports $12.7 million (13.4 percent) was subcontracted service expenditures. As a result of unexpended initial implementation contract funding, the agency received profits of $9.5 million and community reinvestment funds of $5.4 million.

Initial Implementation Contract Expenditures
September 1997 through December 1999

	Expenditures	Percentage of Total
Direct Services:		
Work activities	$33,556,736	35.4%
Eligibility determination	3,159,670	3.3
Case management	(874)	0.0
FSET services	517,937	0.6
Skills training	0	0.0
Post-employment services	0	0.0
Educational activities	0	0.0
Subtotal	$37,233,469	39.3%
Cash Benefits:		
Community service jobs	$44,844,299	47.3%
Transitional jobs	6,200,737	6.5
Sanctions*	0	0.0
Trial jobs	35,412	<0.1
Subtotal	$51,080,448	53.9%
Administration	$ 3,765,679	4.0%
Additional Services:		
Additional Milwaukee services**	$ 1,533,978	1.6%
Contracted child care	649,006	0.7
Job access loans	409,469	0.4
Emergency assistance	0	0.0
Other FSET services	102,506	0.1
Subtotal	$ 2,694,959	2.8%
Total	$94,774,555	100.0%

* Although Milwaukee County agencies did sanction their participants, sanctions are reported as $0 because the agencies were allowed to retain sanctioned funds from the implementation contract.

** These Milwaukee services include the MATC Learning Labs and funding for facilities that house county workers who determine eligibility for the Medical Assistance, Food Stamp, and Wisconsin Shares Child Care Subsidy programs.

Use of Profits Under the Initial Implementation Contract

Employment Solutions reports that it is using $4.7 million of the $9.5 million in unrestricted profits for the following activities:

- $3.2 million to provide services to disadvantaged and disabled residents;
- $1.2 million to provide services to senior citizens; and
- $0.3 million to provide services to families and children residing in Milwaukee County.

Information on how the remaining $4.8 million in unrestricted profits will be used was not provided.

Planned Use of Community Reinvestment Funds Under the Initial Implementation Contract

Contribution to Milwaukee County Department of Human Services for 2001 funding of services to prevent out-of-home placements of juveniles, shelter and services for homeless families, and services to developmentally disabled infants and toddlers and their families	$3,800,000
Grants to families to prevent eviction or to use as a security deposit	510,072
Courses to improve basic reading and computer skills of adults and children, educate families on a variety of topics, and provide computers for families with perfect attendance during the 9-week course	465,425
Services to assist with development of technology-related employment skills	465,425
One-time grants to families facing gas or electrical service disconnection	200,000
Subsidized tax preparation, credit rating, and money management services	4,819
Grants to assist individuals with continuing education and career advancement	1,100
Total	$5,446,841

USE OF FUNDS AVAILABLE UNDER THE CURRENT IMPLEMENTATION CONTRACT:

Employment Solutions' current W-2 contract is for $87.5 million to provide W-2 and related services from January 2000 through December 2001. Between January 2000 and September 2000, $27,522,338, or 31.5 percent of the contract budget, was spent. An additional $6.1 million in bonus funds will be available to Employment Solutions if it meets established performance standards.

Current Implementation Contract Expenditures

January 2000 through September 2000

	Expenditures	Percentage of Total Expenditures	Total Expenditures as a Percentage of Contract Budget
Direct Services	$15,452,156	56.1%	--
Cash Benefits	10,151,604	36.9	--
Administration	1,428,847	5.2	--
Additional Services	489,731	1.8	--
Total	$27,522,338	100.0%	31.5%

Potential Bonus Funds Under the Current Implementation Contract
Available after December 31, 2001

Total Performance Bonus Funds Available:		$6,122,707
Restricted bonus	$2,624,017	
Unrestricted bonuses	3,498,690	
Projected Bonus Based on Performance Standards through December 2000:		$5,831,150
Restricted bonus	$2,624,017	
Unrestricted bonus	3,207,133	

Progress in Meeting Performance Standards Under the Current Implementation Contract
As of December 31, 2000

	Meeting Performance Standards for Restricted Bonus?	Meeting Performance Standards for First Unrestricted Bonus?	Meeting Performance Standards for Second Unrestricted Bonus?
Entered Employment	Yes	Yes	No
Average Wage Rate	Yes	Yes	Yes
Job Retention—30 Days	Yes	Yes	Yes
Job Retention —180 Days	Yes	Yes	Yes
Available Health Insurance	Yes	Yes	Yes
Full and Appropriate Engagement	Yes	Yes	Yes
Basic Educational Activities	Yes	Yes	Yes
Faith-Based Contract *(optional)*	Not Applicable	Not Applicable	Yes
Basic Skills/Job Skills *(optional)*	Not Applicable	Not Applicable	No

CASELOAD INFORMATION: Overall, the participant caseload declined 48.6 percent from September 1997 to September 2000.

	September 1997	September 2000	Percentage Change
Cash benefit cases	5,590	1,713	--
Case management cases	13	1,169	--
Total	5,603	2,882	(48.6%)

SANCTIONS: Employment Solutions sanctioned 469 participants in September 2000. Information on the type of cases sanctioned and average sanction amount is summarized in the following table:

Placement Type	Number of Participants Sanctioned	Average Sanction Amount
Community service job	399	$414
Transitional placement	65	275
Other	5	231
Total	469	393

FACT-FINDING REVIEWS: Between May 1999 and September 2000, 414 participants requested 528 fact-finding reviews. Information on complaint topics and outcomes is summarized in the following table:

Topic of Complaint	Ruled in Favor of Agency	Ruled in Favor of Participant	Split Decision	Request Resolved	Request Dismissed	Request Withdrawn
Employment	71	12	30	5	86	264
Child care	4	3	2	0	8	6
Emergency assistance	4	0	0	0	0	4
Job access loan	1	1	0	0	4	13
24-month extension	3	0	0	1	4	2
Total	83	16	32	6	102	289

MILWAUKEE COUNTY—MAXIMUS, INC.

AGENCY: Maximus, Inc., a private for-profit organization

SERVICE DELIVERY AREA: Milwaukee County Region 6

USE OF FUNDS AVAILABLE UNDER THE INITIAL IMPLEMENTATION CONTRACT:

Maximus spent $54.8 million under the initial implementation contract, of which the agency reports $4.6 million (8.4 percent) was subcontracted service expenditures. As a result of unexpended initial implementation contract funding, the agency received profits of $4.4 million and community reinvestment funds of $0.6 million.

Initial Implementation Contract Expenditures
September 1997 through December 1999

	Expenditures	Percentage of Total
Direct Services:		
Work activities	$11,840,569	21.6%
Eligibility determination	2,957,380	5.4
Case management	1,869,919	3.4
FSET services	1,782,911	3.3
Skills training	1,752,175	3.2
Post-employment services	562,390	1.0
Educational activities	1,339,108	2.5
Subtotal	$22,104,452	40.4%
Cash Benefits:		
Community service jobs	$21,494,386	39.2%
Transitional jobs	4,708,635	8.6
Sanctions*	0	0.0
Trial jobs	2,550	<0.1
Subtotal	$26,205,571	47.8%
Administration	$ 4,342,987	7.9%
Additional Services:		
Additional Milwaukee services**	$ 1,629,787	3.0%
Contracted child care	228,293	0.4
Job access loans	254,308	0.5
Emergency assistance	0	0.0
Other FSET services	0	0.0
Subtotal	$ 2,112,388	3.9%
Total	$54,765,398	100.0%

* Although Milwaukee County agencies did sanction their participants, sanctions are reported as $0 because the agencies were allowed to retain sanctioned funds from the implementation contract.

** These Milwaukee services include the Job Center Network and MATC Learning Labs.

Use of Profits Under the Initial Implementation Contract

Maximus reports that it is using its $4.4 million in unrestricted profits for the following activities:

- $1,489,000 for payment of expenses that were not billed to DWD under the initial W-2 implementation contract;
- $1,139,000 for reinvestment in company growth;
- $792,000 for payment of federal and state taxes owed;
- $500,000 in donations to 26 community organizations to address issues related to homelessness, emergency food, adult literacy, community business initiatives, domestic violence, and services to youth and first-time mothers; and
- $485,000 for payment of expenses that were billed to DWD and disallowed under the initial W-2 implementation contract, many of which were reported in our audit of Maximus expenditures in July 2000.

Planned Use of Community Reinvestment Funds Under the Initial Implementation Contract

Supplement to W-2 and related programs	$232,228
Child care resource and referral services	80,000
Rent subsidies to refugees newly enrolled in the W-2 program	60,500
Expansion of food pantry services and meal programs	50,000
Expansion of shelter and services available to single women and women with children	50,000
Parenting services to women recently released from incarceration	28,289
Screening and case management services to new parents	25,000
Expansion of services to Southeast Asian residents to resolve problems and improve neighborhoods	25,000
Expansion of services that provides job-appropriate interview and work attire for women entering the job market	25,000
Outreach and mentoring services to assist families with achieving self-sufficiency	25,000
Expansion of services at a family resource center that provides counseling, parenting classes, case management, job readiness assistance, and placement services to men	15,000
Total	$616,017

USE OF FUNDS AVAILABLE UNDER THE CURRENT IMPLEMENTATION CONTRACT:

Maximus' current W-2 contract is for $45.1 million to provide W-2 and related services from January 2000 through December 2001. Between January 2000 and September 2000, $14,475,753, or 32.1 percent of the contract budget, was spent. An additional $3.2 million in bonus funds will be available to Maximus if it meets the established performance standards.

Current Implementation Contract Expenditures
January 2000 through September 2000

	Expenditures	Percentage of Total Expenditures	Total Expenditures as a Percentage of Contract Budget
Direct Services	$ 7,196,745	49.7%	--
Cash Benefits	5,954,649	41.1	--
Administration	917,451	6.4	--
Additional Services	406,908	2.8	--
Total	$14,475,753	100.0%	32.1%

Potential Bonus Funds Under the Current Implementation Contract

Available after December 31, 2001

Total Performance Bonus Funds Available:		$3,155,863
Restricted bonus	$1,352,513	
Unrestricted bonuses	1,803,350	
Projected Bonus Based on Performance Standards through December 2000:		$2,554,746
Restricted bonus	$1,352,513	
Unrestricted bonuses	1,202,233	

Progress in Meeting Performance Standards Under the Current Implementation Contract

As of December 31, 2000

	Meeting Performance Standards for Restricted Bonus?	Meeting Performance Standards for First Unrestricted Bonus?	Meeting Performance Standards for Second Unrestricted Bonus?
Entered Employment	Yes	Yes	No
Average Wage Rate	Yes	Yes	Yes
Job Retention—30 Days	Yes	Yes	No
Job Retention—180 Days	Yes	Yes	No
Health Insurance Benefits	Yes	Yes	Yes
Full and Appropriate Engagement	Yes	Yes	Yes
Basic Educational Activities	Yes	No	No
Faith-Based Contract *(optional)*	Not Applicable	Not Applicable	Yes
Basic Skills/Job Skills *(optional)*	Not Applicable	Not Applicable	No

CASELOAD INFORMATION: Overall, the participant caseload declined 44.4 percent from September 1997 to September 2000.

	September 1997	September 2000	Percentage Change
Cash benefit cases	2,854	1,068	--
Case management cases	7	524	--
Total	2,861	1,592	(44.4%)

SANCTIONS: Maximus sanctioned 163 participants in September 2000. Information on the type of cases sanctioned and average sanction amount is summarized in the following table:

Placement Type	Number of Participants Sanctioned	Average Sanction Amount
Community service job	123	$447
Transitional placement	36	347
Other	4	134
Total	163	417

FACT-FINDING REVIEWS: Between May 1999 and September 2000, 132 participants requested 170 fact-finding reviews. Information on complaint topics and outcomes is summarized in the following table:

Topic of Complaint	Ruled in Favor of Agency	Ruled in Favor of Participant	Split Decision	Request Resolved	Request Dismissed	Request Withdrawn
Employment	36	22	1	19	23	50
Child care	1	0	0	1	0	2
Emergency assistance	3	1	0	0	0	1
Job access loan	2	2	0	0	1	3
24-month extension	0	1	0	1	0	0
Total	42	26	1	21	24	56

MILWAUKEE COUNTY—OPPORTUNITIES INDUSTRIALIZATION CENTER OF GREATER MILWAUKEE

AGENCY: Opportunities Industrialization Center of Greater Milwaukee (OIC-GM), a private nonprofit organization

SERVICE DELIVERY AREA: Milwaukee County Region 3

USE OF FUNDS AVAILABLE UNDER THE INITIAL IMPLEMENTATION CONTRACT:

OIC-GM spent $50.8 million under the initial implementation contract, of which $4.9 million (9.6 percent) was subcontracted service expenditures. As a result of unexpended initial implementation contract funding, the agency received profits of $4.6 million and community reinvestment funds of $2.0 million.

Initial Implementation Contract Expenditures
September 1997 through December 1999

	Expenditures	Percentage of Total
Direct Services:		
Work activities	$15,237,527	30.0%
Eligibility determination	1,613,408	3.2
Case management	37,307	0.1
FSET services	201,344	0.4
Skills training	476,884	0.9
Post-employment services	641,924	1.2
Educational activities	593,336	1.2
Subtotal	$18,801,730	37.0%
Cash Benefits:		
Community service jobs	$23,705,362	46.7%
Transitional jobs	3,401,383	6.7
Sanctions*	0	0.0
Trial jobs	25,419	< 0.1
Subtotal	$27,132,164	53.4%
Administration	$ 2,723,585	5.4%
Additional Services:		
Additional Milwaukee services**	$ 684,870	1.3%
Contracted child care	1,218,274	2.4
Job access loans	249,829	0.5
Emergency assistance	0	0.0
Other FSET services	0	0.0
Subtotal	$ 2,152,973	4.2%
Total	$50,810,452	100.0%

* Although Milwaukee County agencies did sanction their participants, sanctions are reported as $0 because the agencies were allowed to retain sanctioned funds from the implementation contract.

** These Milwaukee services include the MATC Learning Labs and funding for facilities that house county workers who determine eligibility for the Medical Assistance, Food Stamp, and Wisconsin Shares Child Care Subsidy programs.

Use of Profits Under the Initial Implementation Contract

OIC-GM reports that it is using its $4.6 million in unrestricted profits to purchase a cellular communication business located in central-city Milwaukee and to develop a food service program to provide meals to child care providers, after-school programs, and other community meal programs. In addition, OIC-GM reports that it is collaborating with Manpower International and Wisconsin Electric Power to develop a computer technology academy for middle school and high school age youth, with the goal of increasing academic achievement and expanding career opportunities.

Planned Use of Community Reinvestment Funds Under the Initial Implementation Contract

Housing services for families in crisis, including rent, security deposits, utility payments, telephone service, and personal care, not to exceed 4 months in duration	$ 325,000
Personnel, operational, and administrative costs associated with implementing community reinvestment-funded projects	315,135
Support services for individuals eligible for occupational skills training	300,000
Contribution to Milwaukee County Department of Human Services for 2001 funding of services to prevent out-of-home placements of juveniles, shelter and services for homeless families, and services to developmentally disabled infants and toddlers and their families	300,000
Enrichment services to youth, including job mentoring, work experience, tutorial sessions, computer courses, and field trips	250,000
Education and training services for non-custodial parents	125,000
Funding for Sullivan and Teutonia Job Centers	102,595
Training program in lead-abatement rehabilitation	50,000
Counseling services for families entering the work environment	50,000
AODA and mental health counseling for families	50,000
Coordination of local food pantries	25,000
Transportation services for employed families	25,000
Nonrecurring services, including vouchers for food, clothing, and other emergencies	25,000
Financial education services related to credit, budgeting, and savings	21,740
Unknown	24
Total	$1,964,494

USE OF FUNDS AVAILABLE UNDER THE CURRENT IMPLEMENTATION CONTRACT:

OIC-GM's current W-2 contract is for $47.1 million to provide W-2 and related services from January 2000 through December 2001. Between January 2000 and September 2000, $15,862,666, or 33.7 percent of the contract budget, was spent. An additional $3.3 million in bonus funds will be available to OIC-GM if it meets established performance standards.

Current Implementation Contract Expenditures
January 2000 through September 2000

	Expenditures	Percentage of Total Expenditures	Total Expenditures as a Percentage of Contract Budget
Direct Services	$ 8,174,106	51.5%	--
Cash Benefits	5,517,794	34.8	--
Administration	1,045,549	6.6	--
Additional Services	1,125,217	7.1	--
Total	$15,862,666	100.0%	33.7%

Potential Bonus Funds Under the Current Implementation Contract
Available after December 31, 2001

Total Performance Bonus Funds Available:		$3,299,809
Restricted bonus	$1,414,204	
Unrestricted bonuses	1,885,605	
Projected Bonus Based on Performance Standards through December 2000:		$2,828,407
Restricted bonus	$1,414,204	
Unrestricted bonuses	1,414,203	

Progress in Meeting Performance Standards Under the Current Implementation Contract
As of December 31, 2000

	Meeting Performance Standards for Restricted Bonus?	Meeting Performance Standards for First Unrestricted Bonus?	Meeting Performance Standards for Second Unrestricted Bonus?
Entered Employment	Yes	Yes	No
Average Wage Rate	Yes	Yes	Yes
Job Retention—30 Days	Yes	Yes	Yes
Job Retention—180 Days	Yes	Yes	Yes
Health Insurance Benefits	Yes	Yes	Yes
Full and Appropriate Engagement	Yes	Yes	No
Basic Educational Activities	Yes	Yes	No
Faith-Based Contract *(optional)*	Not Applicable	Not Applicable	Yes
Basic Skills/Job Skills *(optional)*	Not Applicable	Not Applicable	No

CASELOAD INFORMATION: Overall, the participant caseload declined 40.5 percent from September 1997 to September 2000.

	September 1997	September 2000	Percentage Change
Cash benefit cases	2,771	1,082	--
Case management cases	12	573	--
Total	2,783	1,655	(40.5%)

SANCTIONS: OIC-GM sanctioned 256 participants in September 2000. Information on the type of cases sanctioned and average sanction amount is summarized in the following table:

Placement Type	Number of Participants Sanctioned	Average Sanction Amount
Community service job	171	$397
Transitional placement	82	254
Other	3	403
Total	256	351

FACT-FINDING REVIEWS: Between May 1999 and September 2000, 288 participants requested 370 fact-finding reviews. Information on complaint topics and outcomes is summarized in the following table:

Topic of Complaint	Ruled in Favor of Agency	Ruled in Favor of Participant	Split Decision	Request Resolved	Request Dismissed	Request Withdrawn
Employment	44	105	6	22	60	69
Child care	7	8	0	3	4	6
Emergency assistance	2	1	0	1	2	1
Job access loan	0	3	0	0	2	1
24-month extension	4	15	0	0	3	1
Total	57	132	6	26	71	78

MILWAUKEE COUNTY—
UNITED MIGRANT OPPORTUNITY SERVICES, INC.

AGENCY: United Migrant Opportunity Services, Inc. (UMOS), a private nonprofit organization

SERVICE DELIVERY AREA: Milwaukee County Region 2

USE OF FUNDS AVAILABLE UNDER THE INITIAL IMPLEMENTATION CONTRACT:

UMOS spent $42.7 million under the initial implementation contract, of which $3.9 million (9.1 percent) was subcontracted service expenditures. As a result of unexpended initial implementation contract funding, the agency received profits of $4.3 million and community reinvestment funds of $2.7 million.

Initial Implementation Contract Expenditures
September 1997 through December 1999

	Expenditures	Percentage of Total
Direct Services:		
Work activities	$ 6,041,521	14.2%
Eligibility determination	2,061,652	4.8
Case management	8,637,578	20.2
FSET services	198,246	0.5
Skills training	1,587,688	3.7
Post-employment services	933,377	2.2
Educational activities	696,014	1.6
Subtotal	$20,156,076	47.2%
Cash Benefits:		
Community service jobs	15,125,798	35.4
Transitional jobs	3,549,757	8.3
Sanctions*	0	0.0
Trial jobs	86,641	0.2
Subtotal	$18,762,196	43.9%
Administration	$ 2,353,868	5.5%
Additional Services:		
Additional Milwaukee services**	684,870	1.6
Contracted child care	645,541	1.5
Job access loans	88,426	0.2
Emergency assistance	0	0.0
Other FSET services	39,352	0.1
Subtotal	$ 1,458,189	3.4%
Total	$42,730,329	100.0%

* Although Milwaukee County agencies did sanction their participants, sanctions are reported as $0 because the agencies were allowed to retain sanctioned funds from the implementation contract.

** These Milwaukee services include the MATC Learning Labs and funding for facilities that house county workers who determine eligibility for the Medical Assistance, Food Stamp, and Wisconsin Shares Child Care Subsidy programs.

Use of Profits Under the Initial Implementation Contract

UMOS reports that it used its $4.3 million in unrestricted profits for the following activities:

- $3.2 million to establish a reserve account from which one-half of the earnings may be used annually to fund needed charitable services that are consistent with the UMOS mission, and for which public funds do not exist;
- $668,000 invested in a money market fund to meet future agency operating needs;
- $411,000 to retire two mortgages for buildings used for operations; and
- $39,000 to purchase a vacant lot in the city of Milwaukee for future development, potentially for low-income housing.

Planned Use of Community Reinvestment Funds Under the Initial Implementation Contract

Supplement W-2 and related programs	$1,534,452
AODA, mental health, family violence, and legal services to assist participants with succeeding in the workplace	723,170
Outreach to churches to increase awareness of services provided by UMOS and other community organizations	142,000
Outreach provided by the Hunger Task Force to increase awareness about the food stamp program	65,000
Community outreach to increase public awareness of programs and services offered through W-2 and Milwaukee Job Centers	62,379
Administration of community reinvestment funded projects	56,931
Employment training and basic education services to non-custodial parents	50,000
Child care transportation services	25,000
Total	$2,658,932

USE OF FUNDS AVAILABLE UNDER THE CURRENT IMPLEMENTATION CONTRACT:

UMOS's current W-2 contract is for $37.0 million to provide W-2 and related services from January 2000 through December 2001. Between January 2000 and September 2000, $14,685,437, or 39.7 percent of the contract budget, was spent. An additional $2.6 million in bonus funds will be available to UMOS if it meets established performance standards.

Current Implementation Contract Expenditures
January 2000 through September 2000

	Expenditures	Percentage of Total Expenditures	Total Expenditures as a Percentage of Contract Budget
Direct Services	$ 8,250,457	56.2%	--
Cash Benefits	4,526,200	30.8	--
Administration	1,411,041	9.6	--
Additional Services	497,739	3.4	--
Total	$14,685,437	100.0%	39.7%

Potential Bonus Funds Under the Current Implementation Contract
Available after December 31, 2001

Total Performance Bonus Funds Available:		$2,591,908
Restricted bonus	$1,110,818	
Unrestricted bonuses	1,481,090	
Projected Bonus Based on Performance Standards through December 2000:		$2,036,499
Restricted bonus	$1,110,818	
Unrestricted bonuses	925,681	

Progress in Meeting Performance Standards Under the Current Implementation Contract
As of December 31, 2000

	Meeting Performance Standards for Restricted Bonus?	Meeting Performance Standards for First Unrestricted Bonus?	Meeting Performance Standards for Second Unrestricted Bonus?
Entered Employment	Yes	No	No
Average Wage Rate	Yes	Yes	Yes
Job Retention—30 Days	Yes	Yes	Yes
Job Retention—180 Days	Yes	Yes	No
Health Insurance Benefits	Yes	Yes	Yes
Full and Appropriate Engagement	Yes	Yes	No
Basic Educational Activities	Yes	Yes	No
Faith-Based Contract *(optional)*	Not Applicable	Not Applicable	Yes
Basic Skills/Job Skills *(optional)*	Not Applicable	Not Applicable	No

CASELOAD INFORMATION: Overall, the participant caseload declined 37.8 percent from September 1997 to September 2000.

	September 1997	September 2000	Percentage Change
Cash benefit cases	2,316	844	--
Case management cases	0	597	--
Total	2,316	1,441	(37.8%)

SANCTIONS: UMOS sanctioned 145 participants in September 2000. Information on the type of cases sanctioned and average sanction amount is summarized in the following table:

Placement Type	Number of Participants Sanctioned	Average Sanction Amount
Community service job	105	$394
Transitional placement	39	293
Other	1	673
Total	145	369

FACT-FINDING REVIEWS: Between May 1999 and September 2000, 63 participants requested 73 fact-finding reviews. Information on complaint topics and outcomes is summarized in the following table:

Topic of Complaint	Ruled in Favor of Agency	Ruled in Favor of Participant	Split Decision	Request Resolved	Request Dismissed	Request Withdrawn
Employment	9	16	1	11	6	25
Child care	0	0	0	0	0	0
Emergency assistance	2	1	0	0	0	0
Job access loan	2	0	0	0	0	0
24-month extension	0	0	0	0	0	0
Total	13	17	1	11	6	25

MILWAUKEE COUNTY—YW WORKS

AGENCY: YW Works is a private nonprofit organization. During the initial implementation contract period, the YWCA of Greater Milwaukee was the managing member of a limited-liability corporation, YW Works, that included two for-profit organizations: CNR Health, Inc., and Kaiser Group, Inc. Since January 1, 2000, YW Works has been a nonprofit limited-liability corporation wholly owned by the YWCA of Greater Milwaukee.

SERVICE DELIVERY AREA: Milwaukee County Region 1

USE OF FUNDS AVAILABLE UNDER THE INITIAL IMPLEMENTATION CONTRACT:

YW Works spent $33.4 million under the initial implementation contract, of which the agency reports $1.3 million (3.9 percent) was subcontracted service expenditures. As a result of unexpended initial implementation contract funding, the agency received profits of $3.4 million and community reinvestment funds of $2.2 million.

Initial Implementation Contract Expenditures
September 1997 through December 1999

	Expenditures	Percentage of Total
Direct Services:		
Work activities	$ 9,317,049	27.9%
Eligibility determination	1,164,278	3.5
Case management	495,758	1.5
FSET services	480,868	1.4
Skills training	1,012,462	3.0
Post-employment services	1,662,912	5.0
Educational activities	93,173	0.3
Subtotal	$14,226,500	42.6%
Cash Benefits:		
Community service jobs	$13,191,722	39.5%
Transitional jobs	2,162,030	6.5
Sanctions*	0	0.0
Trial jobs	39,578	0.1
Subtotal	$15,393,330	46.1%
Administration	$ 2,625,849	7.9%
Additional Services:		
Additional Milwaukee services**	$ 723,959	2.2%
Contracted child care	218,245	0.7
Job access loans	138,776	0.4
Emergency assistance	0	0.0
Other FSET services	45,974	0.1
Subtotal	$ 1,126,954	3.4%
Total	$33,372,633	100.0%

- * Although Milwaukee County agencies did sanction their participants, sanctions are reported as $0 because all the agencies were allowed to retain sanctioned funds from the implementation contract.
- ** These Milwaukee services include the MATC Learning Labs and funding for facilities that house county workers who determine eligibility for the Medical Assistance, Food Stamp, and Wisconsin Shares Child Care Subsidy programs.

Use of Profits Under the Initial Implementation Contract

YW Works reports that it shared its $3.4 million in unrestricted profits equally among the three agencies that created it: the YWCA of Greater Milwaukee, CNR Health, and Kaiser Group. The share of profits earned by the YWCA of Greater Milwaukee was used to fund administrative, capital, and program expenses not covered by other funding sources. According to YW Works, the profits were invested in the following activities:

- Generation 2 Plastics, a plastics processing company managed by the YWCA of Greater Milwaukee, which serves as a workplace skills training center;
- the Nontraditional Employment Training program, operated by the YWCA of Greater Milwaukee, which provides orientation, screening and assessment, training, support services, and resource and referral into nontraditional skilled trade careers;
- management services to promote women-owned businesses;
- the Creative Workshop, which teaches job skills in the textile industry;
- the Vel Phillips Center, a community facility offering GED and adult basic skills programs, youth programs, and older adult programs;
- capital to pay off credit lines used to fund the development of affordable housing programs and other programs; and
- acquisition of additional transitional housing

The shares of profits earned by CNR Health and Kaiser Group were not reported by YW Works.

Planned Use of Community Reinvestment Funds Under the Initial Implementation Contract

Emergency assistance, including cash grants and related services to families facing eviction, emergency food boxes, and AODA non-medical treatment	$ 255,000
Expansion of the number of community service job sites that provide educational services	228,671
Services to assist families with maintaining housing	216,000
Services to educate families regarding life management skills	203,865
Increasing the availability of customized job training programs for W-2 participants	189,186
Expansion of local food pantry operations	55,000
Balance of funds available, for which YW Works is seeking DWD approval	1,038,604
Total	$2,186,326

USE OF FUNDS AVAILABLE UNDER THE CURRENT IMPLEMENTATION CONTRACT:

YW Works' current W-2 contract is for $36.5 million to provide W-2 and related services from January 2000 through December 2001. Between January 2000 and September 2000, $12,157,286, or 33.3 percent of the contract budget, was spent. An additional $2.6 million in bonus funds will be available to YW Works if it meets established performance standards.

Current Implementation Contract Expenditures
January 2000 through September 2000

	Expenditures	Percentage of Total Expenditures	Total Expenditures as a Percentage of Contract Budget
Direct Services	$ 6,943,152	57.1%	--
Cash Benefits	3,815,679	31.4	--
Administration	1,259,097	10.4	--
Additional Services	139,358	1.1	--
Total	$12,157,286	100.0%	33.3%

Potential Bonus Funds Under the Current Implementation Contract
Available after December 31, 2001

Total Possible Performance Bonus Funds Available:		$2,551,633
Restricted bonus	$1,093,557	
Unrestricted bonuses	1,458,076	
Projected Bonus Based on Performance Standards through December 2000:		$2,308,620
Restricted bonus	$1,093,557	
Unrestricted bonuses	1,215,063	

Progress in Meeting Performance Standards Under the Current Implementation Contract
As of December 31, 2000

	Meeting Performance Standards for Restricted Bonus?	Meeting Performance Standards for First Unrestricted Bonus?	Meeting Performance Standards for Second Unrestricted Bonus?
Entered Employment	Yes	Yes	Yes
Average Wage Rate	Yes	Yes	Yes
Job Retention—30 Days	Yes	Yes	Yes
Job Retention—180 Days	Yes	Yes	Yes
Health Insurance Benefits	Yes	Yes	Yes
Full and Appropriate Engagement	Yes	Yes	No
Basic Educational Activities	Yes	Yes	No
Faith-Based Contract *(optional)*	Not Applicable	Not Applicable	Yes
Basic Skills/Job Skills *(optional)*	Not Applicable	Not Applicable	No

CASELOAD INFORMATION: Overall, the participant caseload declined 45.9 percent from September 1997 to September 2000.

	September 1997	September 2000	Percentage Change
Cash benefit cases	1,849	609	--
Case management cases	2	393	--
Total	1,851	1,002	(45.9%)

SANCTIONS: YW Works sanctioned 307 participants in September 2000. Information on the type of cases sanctioned and average sanction amount is summarized in the following table:

Placement Type	Number of Participants Sanctioned	Average Sanction Amount
Community service job	196	$308
Transitional placement	106	295
Other	5	148
Total	307	301

FACT-FINDING REVIEWS: Between May 1999 and September 2000, 78 participants requested 97 fact-finding reviews. Information on complaint topics and outcomes is summarized in the following table:

Topic of Complaint	Ruled in Favor of Agency	Ruled in Favor of Participant	Split Decision	Request Resolved	Request Dismissed	Request Withdrawn
Employment	16	19	10	7	8	26
Child care	0	1	0	1	4	0
Emergency assistance	0	1	0	0	0	1
Job access loan	0	0	0	2	1	0
24-month extension	0	0	0	0	0	0
Totals	16	21	10	10	13	27

MONROE COUNTY

AGENCY: Monroe County Department of Human Services (September 1997-December 1999)
Workforce Connections, Inc., a private nonprofit organization (January 2000-present)

SERVICE DELIVERY AREA: Monroe County

USE OF FUNDS AVAILABLE UNDER THE INITIAL IMPLEMENTATION CONTRACT:

The Monroe County Department of Human Services spent $1.3 million under the initial implementation contract, of which $728,000 (56.0 percent) was subcontracted service expenditures. As a result of unexpended implementation contract funding, the agency received profits of $520,000 and community reinvestment funds of $1.1 million.

Initial Implementation Contract Expenditures
September 1997 through December 1999

	Expenditures	Percentage of Total
Direct Services:		
Work activities	$ 189,371	14.1%
Eligibility determination	283,969	21.1
Case management	2,408	0.2
FSET services	56,808	4.2
Skills training	104,211	7.8
Post-employment services	1,386	0.1
Educational activities	76,274	5.7
Subtotal	$ 714,427	53.2%
Cash Benefits:		
Community service jobs	$ 205,499	15.3%
Transitional jobs	102,859	7.7
Sanctions*	11,071	0.8
Trial jobs	2,223	0.2
Subtotal	$ 321,652	24.0%
Administration	$ 261,298	19.4%
Additional Services:		
Contracted child care	$ 0	0.0%
Job access loans	27,776	2.0
Emergency assistance	18,455	1.4
Other FSET services	0	0.0
Subtotal	$ 46,231	3.4%
Total	$1,343,608	100.0%

* Except in Milwaukee County, sanctions of participants' grants were counted as expenditures and were charged against an agency's contract. Milwaukee agencies retained all sanctioned funds from the implementation contract.

Use of Profits Under the Initial Implementation Contract

The Monroe County Department of Human Services reported that it is using its $520,000 in unrestricted profits for the following activities:

- $288,000 has not been budgeted for a specific purpose;
- $219,000 for the enhancement of its computer network, including the purchase of integrated information and accounting system hardware and software, and for training and conversion to implement the new system; and
- $13,000 for the purchase of office furniture.

Planned Use of Community Reinvestment Funds Under the Initial Implementation Contract

Services and outreach to adolescents and families through the Boys and Girls Clubs of Sparta and Tomah	$ 163,616
Parent education and support resources	156,000
Emergency shelter and support services for homeless families	109,299
Teen health services	101,121
Domestic abuse services	91,873
Mentoring program for at-risk youth	70,540
Prescriptions and ancillary health care supplies	65,000
After-school services and activities for teens to build self esteem, encourage success in school, and develop role models	59,000
Transportation/cab services for eligible families	55,000
Services to prevent out-of-home placements or reunify families in foster care system	50,000
School supplies for low-income students	35,000
Services and activities to reduce or prevent gang involvement among teens	30,000
Meal program through Sparta United Methodist Church	23,400
Employment loans	20,000
Child development services and materials for child care providers	16,540
Start-up funding to develop second shift child care services	15,000
Transportation grant matching funds to assist employers and individuals with transportation barriers	10,000
Total	$1,071,389

USE OF FUNDS AVAILABLE UNDER THE CURRENT IMPLEMENTATION CONTRACT:

Workforce Connections' W-2 contract is for $1.4 million to provide W-2 and related services from January 2000 through December 2001. Between January 2000 and September 2000, $407,793, or 29.1 percent of the contract budget, was spent. An additional $98,000 in bonus funds will be available to Workforce Connections if it meets established performance standards.

Current Implementation Contract Expenditures
January 2000 through September 2000

	Expenditures	Percentage of Total Expenditures	Total Expenditures as a Percentage of Contract Budget
Direct Services	$267,525	65.6%	--
Cash Benefits	91,439	22.4	--
Administration	34,932	8.6	--
Additional Services	13,897	3.4	--
Total	$407,793	100.0%	29.1%

Potential Bonus Funds Under the Current Implementation Contract
Available after December 31, 2001

Total Possible Performance Bonus Funds Available:		$97,553
Restricted bonus	$41,808	
Unrestricted bonuses	55,745	
Projected Bonus Based on Performance Standards through December 2000:		$95,229
Restricted bonus	$41,808	
Unrestricted bonuses	53,421	

Progress in Meeting Performance Standards Under the Current Implementation Contract
As of December 31, 2000

	Meeting Performance Standards for Restricted Bonus?	Meeting Performance Standards for First Unrestricted Bonus?	Meeting Performance Standards for Second Unrestricted Bonus?
Entered Employment	Yes	Yes	Yes
Average Wage Rate	Yes	Yes	Yes
Job Retention—30 Days	Yes	Yes	No
Job Retention—180 Days	Yes	Yes	Yes
Health Insurance Benefits	Yes	Yes	Yes
Full and Appropriate Engagement	Yes	Yes	Yes
Basic Educational Activities	Yes	Yes	Yes
Faith-Based Contract *(optional)*	Not Applicable	Not Applicable	Yes
Basic Skills/Job Skills *(optional)*	Not Applicable	Not Applicable	No

CASELOAD INFORMATION: Overall, the participant caseload declined 44.9 percent from September 1997 to September 2000.

	September 1997	September 2000	Percentage Change
Cash benefit cases	78	23	--
Case management cases	0	20	--
Total	78	43	(44.9%)

SANCTIONS: Workforce Connections sanctioned five community service job participants for an average of $164 in September 2000.

FACT-FINDING REVIEWS: Between May 1999 and September 2000, no participants requested fact-finding reviews.

PRICE COUNTY

AGENCY: Price County Human Services Department

SERVICE DELIVERY AREA: Price County

USE OF FUNDS AVAILABLE UNDER THE INITIAL IMPLEMENTATION CONTRACT:

The Price County Human Services Department spent $784,000 under the initial implementation contract, of which the agency reports $0 was subcontracted service expenditures. As a result of unexpended initial implementation contract funding, the agency received profits of $142,000 and community reinvestment funds of $229,000.

Initial Implementation Contract Expenditures
September 1997 through December 1999

	Expenditures	Percentage of Total
Direct Services:		
Work activities	$104,768	13.4%
Eligibility determination	218,149	27.8
Case management	37,888	4.8
FSET services	46,949	6.0
Skills training	16,473	2.1
Post-employment services	5,094	0.6
Educational activities	108,056	13.8
Subtotal	$537,377	68.5%
Cash Benefits:		
Community service jobs	$ 38,708	4.9%
Transitional jobs	29,522	3.8
Sanctions*	633	0.1
Trial jobs	2,372	0.3
Subtotal	$ 71,235	9.1%
Administration	$ 60,772	7.8%
Additional Services:		
Contracted child care	$ 0	0.0%
Job access loans	5,575	0.7
Emergency assistance	750	0.1
Other FSET services	107,909	13.8
Subtotal	$114,234	14.6%
Total	$783,618	100.0%

* Except in Milwaukee County, sanctions of participants' grants were counted as expenditures and were charged against an agency's contract. Milwaukee agencies retained all sanctioned funds from the implementation contract.

Use of Profits Under the Initial Implementation Contract

The Price County Human Services Department reports that it used $32,000 of its $142,000 in unrestricted profits to offset the 1999 county tax levy. As of March 2000, the Price County Board had not finalized plans for use of the remaining funds.

Planned Use of Community Reinvestment Funds Under the Initial Implementation Contract

Training to increase employability or assist with job advancement	$ 88,235
Youth activities	29,412
Employment support services, including one-time purchase of clothing or tools, licensing fees, interview or relocation expenses, and case management services	23,530
AODA and mental health counseling	23,529
Supplement to W-2 and related programs	17,647
Emergency assistance for domestic violence victims	16,968
Transportation assistance	15,294
Transportation grant matching funds	8,235
Job access loans	5,882
Total	$228,732

USE OF FUNDS AVAILABLE UNDER THE CURRENT IMPLEMENTATION CONTRACT:

The Price County Human Services Department's current contract is for $682,000 to provide W-2 and related services from January 2000 through December 2001. Between January 2000 and September 2000, $235,349, or 34.5 percent of the contract budget, was spent. An additional $47,700 in bonus funds will be available to the Price County Human Services Department if it meets established performance standards.

Current Implementation Contract Expenditures
January 2000 through September 2000

	Expenditures	Percentage of Total Expenditures	Total Expenditures as a Percentage of Contract Budget
Direct Services	$140,503	59.7%	--
Cash Benefits	23,775	10.1	--
Administration	8,896	3.8	--
Additional Services	62,175	26.4	--
Total	$235,349	100.0%	34.5%

Potential Bonus Funds Under the Current Implementation Contract
Available after December 31, 2001

Total Possible Performance Bonus Funds Available:		$47,741
Restricted bonus	$20,460	
Unrestricted bonuses	27,281	
Projected Bonus Based on Performance Standards through December 2000:		$40,920
Restricted bonus	$20,460	
Unrestricted bonuses	20,460	

Progress in Meeting Performance Standards Under the Current Implementation Contract
As of December 31, 2000

	Meeting Performance Standards for Restricted Bonus?	Meeting Performance Standards for First Unrestricted Bonus?	Meeting Performance Standards for Second Unrestricted Bonus?
Entered Employment	Yes	Yes	Yes
Average Wage Rate	Yes	Yes	Yes
Job Retention—30 Days	Yes	No	No
Job Retention—180 Days	Yes	Yes	Yes
Health Insurance Benefits	Yes	Yes	Yes
Full and Appropriate Engagement	Yes	Yes	No
Basic Educational Activities	Yes	Yes	No
Faith-Based Contract *(optional)*	Not Applicable	Not Applicable	Yes
Basic Skills/Job Skills *(optional)*	Not Applicable	Not Applicable	No

CASELOAD INFORMATION: Overall, the participant caseload declined 81.5 percent from September 1997 to September 2000.

	September 1997	September 2000	Percentage Change
Cash benefit cases	20	4	--
Case management cases	7	1	--
Total	27	5	(81.5%)

SANCTIONS: The Price County Human Services Department sanctioned one transitional placement participant for $628 in September 2000.

FACT-FINDING REVIEWS: Between May 1999 and September 2000, one participant requested a fact-finding review related to employment. The case was resolved in favor of the agency.

ROCK COUNTY

AGENCY: Rock County Human Services Department

SERVICE DELIVERY AREA: Rock County

USE OF FUNDS AVAILABLE UNDER THE INITIAL IMPLEMENTATION CONTRACT:

The Rock County Human Services Department spent $7.6 million under the initial implementation contract, of which the agency reports $1.6 million (21.1 percent) was subcontracted service expenditures. As a result of unexpended initial implementation contract funding, the agency received profits of $2.6 million and community reinvestment funds of $5.1 million.

Initial Implementation Contract Expenditures
September 1997 through December 1999

	Expenditures	Percentage of Total
Direct Services:		
Work activities	$1,341,482	17.7%
Eligibility determination	2,328,618	30.8
Case management	404,345	5.3
FSET services	418,275	5.5
Skills training	231,314	3.1
Post-employment services	44,799	0.6
Educational activities	172,587	2.3
Subtotal	$4,941,420	65.3%
Cash Benefits:		
Community service jobs	$ 814,114	10.8%
Transitional jobs	390,058	5.2
Sanctions	55,844	0.7
Trial jobs	4,822	0.1
Subtotal	$1,264,838	16.8%
Administration	$1,117,437	14.8%
Additional Services:		
Contracted child care	$ 0	0.0%
Job access loans	116,628	1.5
Emergency assistance	122,996	1.6
Other FSET services	2,398	<0.1
Subtotal	$ 242,022	3.1%
Total	$7,565,717	100.0%

* Except in Milwaukee County, sanctions of participants' grants were counted as expenditures and were charged against an agency's contract. Milwaukee agencies retained all sanctioned funds from the implementation contract.

Use of Profits Under the Initial Implementation Contract

The Rock County Human Services Department reports that it used its $2.6 million in unrestricted profits to offset the 1999, 2000, and 2001 county tax levy for the county human services budget.

Planned Use of Community Reinvestment Funds Under the Initial Implementation Contract

Supplement to W-2 and related programs	$1,729,795
Youth services, including family preservation and family treatment services	748,401
Child protective services, including family preservation and reunification services	696,741
Employee retention and advancement	460,000
Emergency rental assistance, security deposits, and first month's rent	280,000
Emergency energy assistance	263,726
Mental health and AODA services for families	169,746
Legal representation to assist individuals with eliminating employment barriers	150,000
Outreach and coordination of churches to assist with meeting community needs	125,000
Loan program to purchase vehicles or other items necessary for access to employment	100,000
Transportation services, including bus tokens, gas vouchers, taxi rides for emergencies, car repairs, licensing, and insurance	99,440
Expansion of bus services	75,140
Individual development accounts for home purchase, small business start-up, or post-secondary education	42,000
Basic skills education	35,812
Before- and after-school child care services	33,226
Literacy services to increase basic skills and literacy levels	25,014
Drop-in child care services for residents of the domestic violence center	23,630
Case management and mentoring services for victims of domestic violence	10,000
Parenting and life skills training	3,625
Total	$5,071,296

USE OF FUNDS AVAILABLE UNDER THE CURRENT IMPLEMENTATION CONTRACT:

Rock County Human Services Department's current W-2 contract is for $4.7 million to provide W-2 and related services from January 2000 through December 2001. Between January 2000 and September 2000, $2,244,993, or 47.8 percent of the contract budget, was spent. An additional $329,000 in bonus funds will be available to the Rock County Human Services Department if it meets established performance standards.

Current Implementation Contract Expenditures
January 2000 through September 2000

	Expenditures	Percentage of Total Expenditures	Total Expenditures as a Percentage of Contract Budget
Direct Services	$1,496,031	66.6%	--
Cash Benefits	414,024	18.4	--
Administration	221,265	9.9	--
Additional Services	113,673	5.1	--
Total	$2,244,993	100.0%	47.8%

Potential Bonus Funds Under the Current Implementation Contract
Available after December 31, 2001

Total Possible Performance Bonus Funds Available:		$328,780
Restricted bonus	$140,906	
Unrestricted bonuses	187,874	
Projected Bonus Based on Performance Standards through December 2000:		$242,671
Restricted bonus	$140,906	
Unrestricted bonuses	101,765	

Progress in Meeting Performance Standards Under the Current Implementation Contract
As of December 31, 2000

	Meeting Performance Standards for Restricted Bonus?	Meeting Performance Standards for First Unrestricted Bonus?	Meeting Performance Standards for Second Unrestricted Bonus?
Entered Employment	Yes	Yes	No
Average Wage Rate	Yes	Yes	Yes
Job Retention—30 Days	Yes	Yes	No
Job Retention—180 Days	Yes	No	No
Health Insurance Benefits	Yes	Yes	No
Full and Appropriate Engagement	Yes	Yes	Yes
Basic Educational Activities	Yes	No	No
Faith-Based Contract *(optional)*	Not Applicable	Not Applicable	Yes
Basic Skills/Job Skills *(optional)*	Not Applicable	Not Applicable	No

CASELOAD INFORMATION: Overall, the participant caseload declined 53.9 percent from September 1997 to September 2000.

	September 1997	September 2000	Percentage Change
Cash benefit cases	336	121	--
Case management cases	0	34	--
Total	336	155	(53.9%)

SANCTIONS: The Rock County Human Services Department sanctioned seven community service job participants for an average of $365 in September 2000.

FACT-FINDING REVIEWS: Between May 1999 and September 2000, five participants requested five fact-finding reviews. Information on complaint topics and outcomes is summarized in the following table:

Topic of Complaint	Ruled in Favor of Agency	Ruled in Favor of Participant	Request Withdrawn
Employment	2	1	2
Child care	0	0	0
Emergency assistance	0	0	0
Job access loan	0	0	0
24-month extension	0	0	0
Totals	2	1	2

SAWYER COUNTY

AGENCY: Sawyer County Health and Human Services Department

SERVICE DELIVERY AREA: Sawyer County

USE OF FUNDS AVAILABLE UNDER THE INITIAL IMPLEMENTATION CONTRACT:

The Sawyer County Health and Human Services Department spent $798,000 under the initial implementation contract, of which the agency reports $63,000 (7.9 percent) was subcontracted service expenditures. As a result of unexpended initial implementation contract funding, the agency received profits of $413,000 and community reinvestment funds of $893,000.

Initial Implementation Contract Expenditures
September 1997 through December 1999

	Expenditures	Percentage of Total
Direct Services:		
Work activities	$254,481	31.9%
Eligibility determination	141,579	17.8
Case management	22,590	2.8
FSET services	83,573	10.5
Skills training	251	<0.1
Post-employment services	48,207	6.0
Educational activities	27,724	3.5
Subtotal	$578,405	72.5%
Cash Benefits:		
Community service jobs	$ 63,796	8.0%
Transitional jobs	29,870	3.7
Sanctions*	11,173	1.4
Trial jobs	0	0.0
Subtotal	$104,839	13.1%
Administration	$ 83,508	10.5%
Additional Services:		
Contracted child care	$ 0	0.0%
Job access loans	29,951	3.8
Emergency assistance	1,050	0.1
Other FSET services	0	0.0
Subtotal	$ 31,001	3.9%
Total	$797,753	100.0%

* Except in Milwaukee County, sanctions of participants' grants were counted as expenditures and were charged against an agency's contract. Milwaukee agencies retained all sanctioned funds from the implementation contract.

Use of Profits Under the Initial Implementation Contract

The Sawyer County Health and Human Services Department reports that it used its $413,000 in unrestricted profits to offset the 2000 county tax levy for community programs.

Planned Use of Community Reinvestment Funds Under the Initial Implementation Contract

Supplement to W-2 and related programs	$453,559
Parenting aides to work with families involved in the child welfare system	90,362
Intensive supervision services to reduce out-of-home placements for adjudicated delinquents	85,000
In-home family counseling services	58,240
AODA services for women and families	57,915
Lac Courte Oreilles tribal domestic abuse shelter	50,000
Transportation services	30,000
AODA prevention and education services for teens	23,000
Security deposit and rental loan program	20,000
Support group and crisis intervention services for domestic abuse victims	15,000
Revolving loan program for day care providers	10,000
Total	$893,076

USE OF FUNDS AVAILABLE UNDER THE CURRENT IMPLEMENTATION CONTRACT:

Sawyer County Health and Human Services Department's current W-2 contract is for $761,000 to provide W-2 and related services from January 2000 through December 2001. Between January 2000 and September 2000, $211,258, or 27.8 percent of the contract budget, was spent. An additional $53,000 in bonus funds will be available to the Sawyer County Health and Human Services Department if it meets established performance standards.

Current Implementation Contract Expenditures
January 2000 through September 2000

	Expenditures	Percentage of Total Expenditures	Total Expenditures as a Percentage of Contract Budget
Direct Services	$177,787	84.2%	--
Cash Benefits	15,275	7.2	--
Administration	7,618	3.6	--
Additional Services	10,578	5.0	--
Total	$211,258	100.0%	27.8%

Potential Bonus Funds Under the Current Implementation Contract
Available after December 31, 2001

Total Possible Performance Bonus Funds Available:		$53,255
Restricted bonus	$22,824	
Unrestricted bonuses	30,431	
Projected Bonus Based on Performance Standards through December 2000:		$43,112
Restricted bonus	$22,824	
Unrestricted bonuses	20,288	

Progress in Meeting Performance Standards Under the Current Implementation Contract
As of December 31, 2000

	Meeting Performance Standards for Restricted Bonus?	Meeting Performance Standards for First Unrestricted Bonus?	Meeting Performance Standards for Second Unrestricted Bonus?
Entered Employment	Yes	Yes	Yes
Average Wage Rate	Yes	Yes	Yes
Job Retention—30 Days	Yes	Yes	Yes
Job Retention—180 Days	Yes	Yes	Yes
Health Insurance Benefits	Yes	No	No
Full and Appropriate Engagement	Yes	No	No
Basic Educational Activities	Yes	Yes	Yes
Faith-Based Contract *(optional)*	Not Applicable	Not Applicable	Yes
Basic Skills/Job Skills *(optional)*	Not Applicable	Not Applicable	No

CASELOAD INFORMATION: Overall, the participant caseload declined 86.0 percent from September 1997 to September 2000.

	September 1997	September 2000	Percentage Change
Cash benefit cases	47	3	--
Case management cases	10	5	--
Total	57	8	(86.0%)

SANCTIONS: The Sawyer County Human Services Department sanctioned no participants in September 2000.

FACT-FINDING REVIEWS: Between May 1999 and September 2000, no participants requested fact-finding reviews.

VILAS COUNTY

AGENCY: Forward Service Corporation, a private nonprofit organization

SERVICE DELIVERY AREA: Vilas County

USE OF FUNDS AVAILABLE UNDER THE INITIAL IMPLEMENTATION CONTRACT:

Forward Service Corporation spent $640,000 under the initial implementation contract, of which the agency reports $0 on subcontracted service expenditures. As a result of unexpended initial implementation contract funding, the agency received profits of $102,000 and community reinvestment funds of $135,000.

Initial Implementation Contract Expenditures
September 1997 through December 1999

	Expenditures	Percentage of Total
Direct Services:		
Work activities	$237,523	37.1%
Eligibility determination	81,760	12.8
Case management	28,382	4.4
FSET services	76,187	11.9
Skills training	2,890	0.5
Post-employment services	976	0.2
Educational activities	764	0.1
Subtotal	$428,482	67.0%
Cash Benefits:		
Community service jobs	$ 68,256	10.7%
Transitional jobs	71,949	11.2
Sanctions*	72	<0.1
Trial jobs	0	0.0
Subtotal	$140,277	21.9%
Administration	$ 70,544	11.0%
Additional Services:		
Contracted child care	$ 0	0.0%
Job access loans	0	0.0
Emergency assistance	130	<0.1
Other FSET services	768	0.1
Subtotal	$ 898	0.1%
Total	$640,201	100.0%

* Except in Milwaukee County, sanctions of participants' grants were counted as expenditures and were charged against an agency's contract. Milwaukee agencies retained all sanctioned funds from the implementation contract.

Use of Profits Under the Initial Implementation Contract

Forward Service Corporation reported that its $102,000 in unrestricted profits will be used to further its "ability to develop innovative and creative educational and charitable services."

Planned Use of Community Reinvestment Funds Under the Initial Implementation Contract

Supplement to W-2 and related programs	$ 25,000
Grants to assist with car repairs	20,000
Temporary housing to assist families with maintaining employment	16,299
Forgivable loans to assist families with purchasing cars	15,000
Mentoring program for fathers	12,400
Assistance with tuition, books, fees, or support services for individuals pursuing short-term education opportunities	12,000
Emergency assistance, including security deposits, driver education, car insurance, food, clothing, or rent	10,000
Counseling to assist families with developing budget management skills	8,500
Loan program to assist families with expenses related to car purchase or repair, security deposits, rent, and work-related needs	5,000
Matching funds for individual development accounts to assist families with costs related to education, job training, home repairs, or down payment for a housing purchase	4,800
Clothing program to assist individuals with obtaining appropriate clothing for work and job-search activities	3,000
Parent education and support services	3,000
Total	$134,999

USE OF FUNDS AVAILABLE UNDER THE CURRENT IMPLEMENTATION CONTRACT:

Forward Service Corporation's current W-2 contract is for $1.8 million to provide W-2 and related services from January 2000 through December 2001 in Forest, Oneida, and Vilas counties. Of the $1.8 million, approximately $457,000 is budgeted for services in Vilas County. Between January 2000 and September 2000, Forward Service Corporation estimates that $172,506, or 37.7 percent of the amount budgeted in Vilas County, was spent.

Approximately $128,000 in additional bonus funding will be available to Forward Service Corporation if it meets established performance standards, of which approximately $32,000 will be made available for services within Vilas County.

Current Implementation Contract Expenditures
January 2000 through September 2000

	Expenditures	Percentage of Total Expenditures	Total Expenditures as a Percentage of Contract Budget
Direct Services	$132,183	76.6%	--
Cash Benefits	12,781	7.4	--
Administration	23,312	13.5	--
Additional Services	4,230	2.5	--
Total	$172,506	100.0%	37.7%

Potential Bonus Funds Under the Current Implementation Contract
Available after December 31, 2001

Total Performance Bonus Funds Available:		$32,025
Restricted bonus	$13,725	
Unrestricted bonuses	18,300	
Projected Bonus Based on Performance Standards through December 2000:		$30,500
Restricted bonus	$13,725	
Unrestricted bonuses	16,775	

Progress in Meeting Performance Standards Under the Current Implementation Contract*
As of December 31, 2000

	Meeting Performance Standards for Restricted Bonus?	Meeting Performance Standards for First Unrestricted Bonus?	Meeting Performance Standards for Second Unrestricted Bonus?
Entered Employment	Yes	Yes	Yes
Average Wage Rate	Yes	Yes	Yes
Job Retention—30 Days	Yes	Yes	Yes
Job Retention—180 Days	Yes	Yes	Yes
Health Insurance Benefits	Yes	Yes	Yes
Full and Appropriate Engagement	Yes	Yes	Yes
Basic Educational Activities	Yes	Yes	No
Faith-Based Contract *(optional)*	Not Applicable	Not Applicable	Yes
Basic Skills/Job Skills *(optional)*	Not Applicable	Not Applicable	No

* Reported information is for the entire Forest/Oneida/Vilas Consortium.

CASELOAD INFORMATION: Overall, the participant caseload in Vilas County declined 78.9 percent from September 1997 to September 2000.

	September 1997	September 2000	Percentage Change
Cash benefit cases	17	1	--
Case management cases	2	3	--
Total	19	4	(78.9%)

SANCTIONS: Forward Service Corporation sanctioned no participants in September 2000.

FACT-FINDING REVIEWS: Between May 1999 and September 2000, no participants requested fact-finding reviews.

Appendix 2

Percentage of Participants Receiving Employment-Related Services Under Current Implementation Contracts

2000

W-2 Contractor	Enrollment	Employment Search	Motivational Training
Counties			
Adams	227	37.0%	14.5%
Ashland	62	75.8	8.1
Barron	162	51.2	33.3
Bayfield	53	64.2	5.7
Brown	548	54.7	1.6
Buffalo	70	68.6	10.0
Burnett	39	46.2	56.4
Calumet	34	38.2	0.0
Chippewa	96	60.4	0.0
Clark	113	68.1	3.5
Columbia	159	74.2	68.6
Crawford	9	11.1	33.3
Dane	1,802	50.8	51.3
Dodge	193	63.2	68.9
Door	68	58.8	8.8
Douglas	448	50.7	6.3
Dunn	189	58.2	24.9
Eau Claire	366	46.2	0.0
Fond du Lac	247	51.8	0.8
Grant[1]	52	55.8	36.5
Green[1]	48	50.0	41.7
Green Lake	63	54.0	31.7
Iowa[1]	26	61.5	53.8
Iron	12	66.7	41.7
Jackson	119	62.2	58.8
Jefferson	75	66.7	64.0
Kenosha	1,522	60.4	16.3
La Crosse	396	44.7	2.5
Lafayette[1]	15	73.3	60.0
Langlade	135	54.8	11.9
Lincoln	116	56.0	23.3
Manitowoc	63	65.1	6.3
Marathon	376	43.9	17.0
Marinette	128	65.6	14.1
Marquette	58	81.0	17.2
Menominee	82	45.1	1.2
Oconto	95	58.9	11.6
Outagamie	346	51.4	17.6
Ozaukee	41	78.0	75.6
Pepin	17	76.5	23.5

W-2 Contractor	Enrollment	Employment Search	Motivational Training
Pierce	32	40.6%	43.8%
Polk	121	59.5	6.6
Portage	144	51.4	2.8
Price	109	55.0	18.3
Racine	937	63.6	19.7
Richland[1]	54	81.5	64.8
Rock	596	50.3	49.8
Rusk	48	50.0	8.3
St. Croix	109	56.9	14.7
Sauk	146	61.6	3.4
Sawyer	69	62.3	27.5
Sheboygan	216	51.9	35.2
Taylor	40	55.0	7.5
Trempealeau	79	51.9	10.1
Vernon	65	72.3	64.6
Washburn	64	37.5	51.6
Washington	185	62.2	44.3
Waupaca	103	73.8	13.6
Waushara	80	58.8	37.5
Winnebago	386	55.2	15.3
Wood	368	41.8	3.0
Tribes			
Bad River Band	21	19.0	42.9
Oneida Nation	71	29.6	0.0
Private Agencies in Milwaukee County[2]			
Employment Solutions	7,237	83.1	1.9
Maximus	4,560	68.5	44.6
OIC-GM	4,038	51.1	27.2
UMOS	3,212	33.0	7.9
YW Works	3,223	69.5	59.2
Private Agencies in Other Counties[3]			
Florence—Fwd. Serv.	25	48.0	56.0
Forest—Fwd. Serv.	31	54.8	41.9
Juneau—Wkfce. Conn.	173	64.7	48.0
Kewaunee—Fwd. Serv.	39	79.5	38.5
Monroe—Wkfce. Conn.	162	71.6	57.4
Oneida—Fwd. Serv.	142	45.1	0.0
Shawano—Job Center	99	57.6	21.2
Vilas—Fwd. Serv.	34	41.2	41.2
Walworth—Kaiser	212	50.9	42.9
Waukesha—Curtis	342	56.4	26.9

[1] These five county agencies contract to administer W-2 as a consortium.

[2] These agencies serve six regions in Milwaukee County:

Region I	YW Works
Region II	United Migrant Opportunity Services, Inc.
Region III	Opportunities Industrialization Center of Greater Milwaukee
Region IV	Employment Solutions, Inc., a subsidiary of Goodwill Industries of Southeastern Wisconsin and Metropolitan Chicago, Inc.
Region V	Employment Solutions, Inc., a subsidiary of Goodwill Industries of Southeastern Wisconsin and Metropolitan Chicago, Inc.
Region VI	Maximus, Inc.

[3] Ten counties other than Milwaukee are served by these five private agencies under the current contracts:

Curtis & Associates, Inc.	Waukesha County
Forward Service Corporation	Florence County Forest, Oneida, and Vilas counties, operating as a consortium Kewaunee County
Kaiser Group, Inc.	Walworth County
Shawano County Job Center Incorporated	Shawano County
Workforce Connections, Inc.	Juneau County Monroe County

Appendix 3

Percentage of Participants Receiving Education and Training Services Under Current Implementation Contracts
2000

W-2 Contractor	Enrollment	Regular High School	High School Equivalency	Technical College Courses	Other Post-Secondary Education	Adult Basic Education	Literacy Skills	English as a Second Language	Job Skills Training	Parenting and Life Skills	Driver Education
Counties											
Adams	227	0.0%	2.2%	0.0%	0.0%	5.3%	22.5%	0.0%	2.6%	4.0%	0.9%
Ashland	62	0.0	6.5	0.0	0.0	6.5	0.0	0.0	4.8	6.5	0.0
Barron	162	0.0	3.1	0.6	1.2	22.8	0.0	0.0	2.5	3.1	1.9
Bayfield	53	0.0	1.9	0.0	1.9	0.0	0.0	0.0	13.2	3.8	0.0
Brown	548	0.2	21.2	0.0	0.0	0.4	0.0	1.6	9.1	2.6	0.2
Buffalo	70	0.0	2.9	0.0	0.0	15.7	4.3	0.0	2.9	10.0	0.0
Burnett	39	0.0	7.7	0.0	0.0	10.3	2.6	0.0	12.8	2.6	10.3
Calumet	34	0.0	17.6	0.0	0.0	2.9	0.0	14.7	17.6	17.6	0.0
Chippewa	96	0.0	10.4	0.0	0.0	6.3	0.0	0.0	1.0	14.6	2.1
Clark	113	0.9	24.8	0.0	0.0	8.8	0.9	0.0	1.8	3.5	0.0
Columbia	159	0.6	10.7	0.6	0.0	22.0	0.0	0.6	2.5	35.2	6.9
Crawford	9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Dane	1,802	1.1	13.2	0.1	0.0	21.8	0.2	1.6	13.8	7.5	0.3
Dodge	193	0.5	21.8	0.0	0.0	8.8	0.5	0.5	3.6	5.7	0.0
Door	68	0.0	10.3	0.0	0.0	10.3	0.0	0.0	25.0	29.4	2.9
Douglas	448	0.0	7.1	0.9	0.0	3.6	0.7	0.4	16.3	3.8	0.2
Dunn	189	1.1	12.2	0.5	0.0	2.1	0.5	2.1	11.6	10.6	1.6
Eau Claire	366	0.0	8.2	0.0	0.0	4.1	0.5	0.3	11.2	7.4	0.5
Fond du Lac	247	0.8	28.3	0.0	0.0	0.8	0.4	1.6	21.1	8.9	0.0
Grant[1]	52	0.0	29.0	0.0	0.0	5.8	9.6	0.0	3.8	3.8	0.0
Green[1]	48	0.0	11.5	0.0	0.0	10.4	12.5	0.0	0.0	0.0	0.0
Green Lake	63	0.0	2.1	0.0	0.0	9.5	0.0	1.6	7.9	3.2	3.2

W-2 Contractor	Enrollment	Regular High School	High School Equivalency	Technical College Courses	Other Post-Secondary Education	Adult Basic Education	Literacy Skills	English as a Second Language	Job Skills Training	Parenting and Life Skills	Driver Education
Iowa[1]	26	0.0%	11.1%	0.0%	0.0%	3.8%	0.0%	0.0%	3.8%	19.2%	0.0%
Iron	12	8.3	26.9	0.0	0.0	0.0	0.0	0.0	25.0	25.0	0.0
Jackson	119	0.0	0.0	0.0	0.0	0.8	5.0	0.0	15.1	12.6	0.8
Jefferson	75	0.0	19.3	4.0	0.0	9.3	5.3	2.7	12.0	5.3	1.3
Kenosha	1,522	0.7	13.3	0.2	0.0	29.0	1.8	2.8	8.2	4.5	0.0
La Crosse	396	0.0	25.4	0.0	0.0	4.5	1.0	0.5	1.3	8.3	0.0
Lafayette[1]	15	0.0	3.5	0.0	0.0	0.0	26.7	0.0	6.7	0.0	0.0
Langlade	135	0.0	7.7	0.0	0.0	39.3	0.0	0.0	14.1	0.7	1.5
Lincoln	116	0.0	11.1	0.0	0.0	11.2	8.6	0.0	2.6	4.3	0.0
Manitowoc	63	0.0	20.0	0.0	0.0	3.2	0.0	7.9	6.3	1.6	0.0
Marathon	376	0.5	14.1	0.3	0.0	5.1	0.8	5.6	2.9	43.9	1.9
Marinette	128	0.0	8.6	0.8	0.0	2.3	0.0	0.0	38.3	0.0	1.6
Marquette	58	0.0	12.7	0.0	0.0	12.1	0.0	0.0	50.0	6.9	0.0
Menominee	82	0.0	22.9	0.0	0.0	1.2	0.0	0.0	20.7	12.2	2.4
Oconto	95	0.0	28.1	1.1	0.0	22.1	0.0	0.0	3.2	1.1	3.2
Outagamie	346	1.2	41.4	0.6	0.0	4.6	1.4	9.2	11.3	46.0	6.9
Ozaukee	41	0.0	20.4	0.0	0.0	9.8	0.0	4.9	0.0	0.0	0.0
Pepin	17	0.0	7.4	0.0	0.0	0.0	11.8	0.0	5.9	0.0	0.0
Pierce	32	0.0	4.9	0.0	0.0	9.4	0.0	0.0	31.3	21.9	0.0
Polk	121	0.8	21.4	0.0	0.0	14.9	0.0	0.0	14.9	9.9	1.7
Portage	144	0.0	0.0	0.0	0.0	4.9	0.7	0.0	2.1	2.1	0.0
Price	109	0.0	0.0	0.0	0.0	1.8	11.9	0.0	4.6	1.8	0.0
Racine	937	0.2	18.8	0.1	0.0	25.3	2.0	1.6	1.9	2.1	0.0
Richland[1]	54	0.0	4.1	0.0	0.0	9.3	13.0	0.0	0.0	7.4	0.0
Rock	596	0.2	4.2	0.3	0.0	4.0	0.5	1.7	19.8	8.4	0.0
Rusk	48	0.0	9.2	0.0	0.0	10.4	0.0	0.0	4.2	4.2	0.0
St. Croix	109	0.0	12.7	0.0	0.0	6.4	0.0	0.0	3.7	8.3	0.0
Sauk	146	0.0	27.8	0.0	0.0	5.5	0.0	0.7	46.6	16.4	3.4

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W-2 Contractor	Enrollment	Regular High School	High School Equivalency	Technical College Courses	Other Post-Secondary Education	Adult Basic Education	Literacy Skills	English as a Second Language	Job Skills Training	Parenting and Life Skills	Driver Education
Sawyer	69	0.0%	22.7%	1.4%	0.0%	7.2%	0.0%	0.0%	0.0%	4.3%	0.0%
Sheboygan	216	0.0	10.4	0.9	0.0	8.8	0.9	16.2	0.0	3.2	0.0
Taylor	40	2.5	8.3	0.0	0.0	0.0	0.0	0.0	12.5	5.0	0.0
Trempealeau	79	0.0	16.4	0.0	0.0	7.6	1.3	0.0	8.9	3.8	0.0
Vernon	65	0.0	4.3	0.0	0.0	24.6	0.0	0.0	4.6	1.5	3.1
Washburn	64	0.0	25.3	0.0	0.0	12.5	0.0	1.6	1.6	0.0	3.1
Washington	185	0.0	14.4	0.0	0.0	22.2	0.0	1.1	4.3	2.2	1.1
Waupaca	103	1.0	22.5	0.0	0.0	2.9	1.0	0.0	17.5	15.5	3.9
Waushara	80	0.0	8.9	0.0	0.0	10.0	13.8	0.0	1.3	1.3	0.0
Winnebago	386	0.5	16.9	1.3	0.0	9.1	2.3	5.7	20.7	8.8	1.8
Wood	368	0.0	14.7	0.3	0.0	1.6	0.3	0.0	4.1	11.7	1.1
Tribes											
Bad River Band	21	0.0	0.0	0.0	0.0	19.0	0.0	0.0	9.5	4.8	0.0
Oneida Nation	71	1.4	23.9	0.0	0.0	0.0	0.0	0.0	0.0	5.6	0.0
Private Agencies in Milwaukee County[2]											
Employment Solutions	7,237	1.6	29.5	0.2	0.0	53.3	1.5	0.5	15.8	5.6	0.1
Maximus	4,560	1.2	18.3	0.8	0.0	37.2	1.0	4.3	13.8	23.7	0.1
OIC-GM	4,038	1.2	6.7	0.1	0.0	63.9	0.6	0.1	12.0	17.4	0.3
UMOS	3,212	0.6	37.9	0.2	0.0	20.3	1.2	10.7	14.2	6.1	0.0
YW Works	3,223	1.5	9.7	0.1	0.0	33.7	69.1	1.4	25.9	4.8	1.3

W-2 Contractor	Enrollment	Regular High School	High School Equivalency	Technical College Courses	Other Post-Secondary Education	Adult Basic Education	Literacy Skills	English as a Second Language	Job Skills Training	Parenting and Life Skills	Driver Education
Private Agencies in Other Counties[3]											
Florence—Fwd. Serv.	25	0.0%	16.0%	4.0%	0.0%	20.0%	4.0%	0.0%	20.0%	12.0%	4.0%
Forest—Fwd. Serv.	31	3.2	29.0	0.0	0.0	9.7	0.0	0.0	6.5	32.3	3.2
Juneau—Wkfce. Conn.	173	0.0	25.4	0.6	0.0	4.6	0.0	1.7	14.5	12.1	3.5
Kewaunee—Fwd. Serv.	39	0.0	7.7	0.0	0.0	17.9	5.1	5.1	7.7	43.6	0.0
Monroe—Wkfce. Conn.	162	0.0	20.4	0.6	0.0	4.9	0.0	0.0	4.3	4.9	0.0
Oneida—Fwd. Serv.	142	0.0	4.9	0.0	0.0	12.0	0.7	0.0	1.4	5.6	0.0
Shawano—Job Center	99	0.0	25.3	0.0	0.0	15.2	4.0	0.0	26.3	8.1	1.0
Vilas—Fwd. Serv.	34	0.0	14.7	0.0	0.0	14.7	0.0	0.0	2.9	8.8	0.0
Walworth—Kaiser	212	0.5	7.1	0.0	0.0	18.9	0.0	2.8	1.4	2.8	0.5
Waukesha—Curtis	342	0.3	15.8	0.3	0.0	1.2	0.3	5.0	10.5	0.3	0.0

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[1] These five county agencies contract to administer W-2 as a consortium.

[2] These agencies serve six regions in Milwaukee County:

Region I	YW Works
Region II	United Migrant Opportunity Services, Inc.
Region III	Opportunities Industrialization Center of Greater Milwaukee
Region IV	Employment Solutions, Inc., a subsidiary of Goodwill Industries of Southeastern Wisconsin and Metropolitan Chicago, Inc.
Region V	Employment Solutions, Inc., a subsidiary of Goodwill Industries of Southeastern Wisconsin and Metropolitan Chicago, Inc.
Region VI	Maximus, Inc.

[1] Ten counties other than Milwaukee are served by these five private agencies under the current contracts:

Curtis & Associates, Inc.	Waukesha County
Forward Service Corporation	Florence County Forest, Oneida, and Vilas counties, operating as a consortium Kewaunee County
Kaiser Group, Inc.	Walworth County
Shawano County Job Center Incorporated	Shawano County
Workforce Connections, Inc.	Juneau County Monroe County

Appendix 4

Percentage of Participants Receiving Assessment and Counseling Services Under Current Implementation Contracts

2000

W-2 Contractor	Enrollment	Occupational Assessment	Physical Rehabilitation	Employment Counseling	Disability Assessment	Mental Health Counseling	Substance Abuse Counseling
Counties							
Adams	227	3.1%	0.0%	4.4%	2.6%	3.1%	0.0%
Ashland	62	9.7	1.6	1.6	4.8	12.9	1.6
Barron	162	3.7	3.1	1.2	4.3	8.6	3.1
Bayfield	53	11.3	5.7	3.8	9.4	5.7	3.8
Brown	548	1.3	3.3	0.5	3.1	1.6	0.5
Buffalo	70	8.6	1.4	2.9	24.3	7.1	0.0
Burnett	39	2.6	10.3	0.0	10.3	2.6	2.6
Calumet	34	5.9	11.8	0.0	11.8	26.5	8.8
Chippewa	96	1.0	16.7	0.0	0.0	2.1	24.0
Clark	113	0.0	8.0	0.9	8.0	3.5	1.8
Columbia	159	38.4	13.8	0.0	15.7	15.7	11.3
Crawford	9	0.0	22.2	0.0	0.0	22.2	0.0
Dane	1,802	7.8	26.6	2.6	7.3	8.6	5.0
Dodge	193	0.5	15.5	0.0	0.0	5.2	1.0
Door	68	7.4	2.9	0.0	7.4	22.1	0.0
Douglas	448	5.4	10.9	0.7	2.2	9.8	1.6
Dunn	189	0.5	11.6	1.6	1.6	6.3	2.6
Eau Claire	366	9.8	10.4	0.3	0.5	1.9	2.5
Fond du Lac	247	3.2	22.3	1.2	5.3	8.5	2.0
Grant[1]	52	9.6	3.8	1.9	21.2	9.6	0.0
Green[1]	48	0.0	0.0	0.0	2.1	6.3	2.1
Green Lake	63	1.6	3.2	0.0	11.1	11.1	1.6
Iowa[1]	26	0.0	7.7	0.0	7.7	15.4	0.0
Iron	12	25.0	16.7	0.0	8.3	41.7	16.7
Jackson	119	7.6	4.2	0.0	8.4	7.6	1.7
Jefferson	75	9.3	12.0	0.0	8.0	13.3	4.0
Kenosha	1,522	22.5	10.7	5.9	2.4	5.4	0.7
La Crosse	396	1.3	10.6	2.3	4.0	3.3	1.8
Lafayette[1]	15	0.0	0.0	0.0	13.3	6.7	0.0
Langlade	135	1.5	3.7	0.0	19.3	3.0	1.5
Lincoln	116	1.7	5.2	0.0	6.0	2.6	0.0
Manitowoc	63	3.2	4.8	0.0	9.5	1.6	0.0
Marathon	376	13.6	17.6	8.5	3.7	6.4	1.9
Marinette	128	12.5	0.8	0.0	4.7	5.5	1.6
Marquette	58	1.7	10.3	0.0	1.7	3.4	3.4
Menominee	82	2.4	4.9	4.9	3.7	2.4	4.9
Oconto	95	6.3	3.2	0.0	3.2	15.8	5.3
Outagamie	346	4.0	12.7	18.5	16.5	15.9	1.4

W-2 Contractor	Enrollment	Occupational Assessment	Physical Rehabilitation	Employment Counseling	Disability Assessment	Mental Health Counseling	Substance Abuse Counseling
Ozaukee	41	48.8%	0.0%	0.0%	0.0%	2.4%	0.0%
Pepin	17	58.8	0.0	0.0	5.9	0.0	0.0
Pierce	32	3.1	15.6	3.1	9.4	6.3	9.4
Polk	121	3.3	9.1	0.8	12.4	7.4	1.7
Portage	144	0.0	16.7	0.0	6.3	0.7	0.0
Price	109	1.8	1.8	0.0	4.6	3.7	0.9
Racine	937	0.5	10.1	0.4	11.5	2.3	0.6
Richland[1]	54	0.0	1.9	0.0	3.7	5.6	0.0
Rock	596	0.5	19.6	13.3	3.0	6.7	1.3
Rusk	48	2.1	14.6	0.0	6.3	0.0	0.0
St. Croix	109	22.0	9.2	1.8	11.0	1.8	0.0
Sauk	146	53.4	2.7	0.0	26.0	4.1	2.7
Sawyer	69	1.4	7.2	5.8	1.4	5.8	0.0
Sheboygan	216	0.0	13.9	0.0	0.0	6.5	1.9
Taylor	40	12.5	0.0	0.0	10.0	7.5	0.0
Trempealeau	79	1.3	24.1	1.3	0.0	3.8	0.0
Vernon	65	6.2	9.2	0.0	7.7	1.5	0.0
Washburn	64	10.9	6.3	0.0	7.8	9.4	1.6
Washington	185	23.8	5.9	0.0	1.1	1.6	1.1
Waupaca	103	9.7	37.9	1.9	2.9	29.1	2.9
Waushara	80	32.5	1.3	0.0	5.0	0.0	2.5
Winnebago	386	25.1	17.6	15.3	17.6	12.2	2.1
Wood	368	7.3	15.5	7.3	5.2	6.3	0.3
Tribes							
Bad River Band	21	0.0	4.8	14.3	0.0	4.8	4.8
Oneida Nation	71	0.0	15.5	0.0	1.4	0.0	1.4
Private Agencies in Milwaukee County[2]							
Employment Solutions	7,237	2.0	14.7	2.2	6.8	5.4	2.8
Maximus	4,560	24.2	8.9	12.7	13.0	5.3	3.3
OIC-GM	4,038	21.7	5.5	0.5	8.6	3.8	4.2
UMOS	3,212	6.2	9.0	56.7	8.8	6.6	2.0
YW Works	3,223	16.4	7.8	1.7	3.6	8.2	2.5

W-2 Contractor	Enrollment	Occupational Assessment	Physical Rehabilitation	Employment Counseling	Disability Assessment	Mental Health Counseling	Substance Abuse Counseling
Private Agencies in Other Counties[3]							
Florence—Fwd. Serv.	25	0.0%	8.0%	0.0%	8.0%	12.0%	0.0%
Forest—Fwd. Serv.	31	3.2	0.0	0.0	16.1	16.1	3.2
Juneau—Wkfce. Conn.	173	1.2	6.4	8.7	19.1	11.0	0.0
Kewaunee—Fwd. Serv.	39	5.1	5.1	7.7	12.8	17.9	2.6
Monroe—Wkfce. Conn.	162	0.6	12.3	12.3	6.2	8.6	1.2
Oneida—Fwd. Serv.	142	7.0	2.1	1.4	35.2	1.4	1.4
Shawano—Job Center	99	5.1	16.2	3.0	11.1	7.1	16.2
Vilas—Fwd. Serv.	34	2.9	0.0	0.0	0.0	5.9	2.9
Walworth—Kaiser	212	0.5	20.3	0.9	11.8	2.8	0.5
Waukesha—Curtis	342	4.4	0.6	0.3	13.5	5.0	1.2

[1] These five county agencies contract to administer W-2 as a consortium.

[2] These agencies serve six regions in Milwaukee County:

Region I	YW Works
Region II	United Migrant Opportunity Services, Inc.
Region III	Opportunities Industrialization Center of Greater Milwaukee
Region IV	Employment Solutions, Inc., a subsidiary of Goodwill Industries of Southeastern Wisconsin and Metropolitan Chicago, Inc.
Region V	Employment Solutions, Inc., a subsidiary of Goodwill Industries of Southeastern Wisconsin and Metropolitan Chicago, Inc.
Region VI	Maximus, Inc.

[3] Ten counties other than Milwaukee are served by these five private agencies under the current contracts:

Curtis & Associates, Inc.	Waukesha County
Forward Service Corporation	Florence County Forest, Oneida, and Vilas counties, operating as a consortium Kewaunee County
Kaiser Group, Inc.	Walworth County
Shawano County Job Center Incorporated	Shawano County
Workforce Connections, Inc.	Juneau County Monroe County

Appendix 5

W-2 Agencies' Caseloads
September 1997 and September 2000

W-2 Contractor	September 1997	September 2000	Percentage Change
Counties			
Adams	20	7	-65.0%
Ashland	33	5	-84.8
Barron	23	9	-60.9
Bayfield	10	3	-70.0
Brown	273	38	-86.1
Buffalo	16	10	-37.5
Burnett	20	4	-80.0
Calumet	17	10	-41.2
Chippewa	67	28	-58.2
Clark	4	8	100.0
Columbia	13	27	107.7
Crawford	2	1	-50.0
Dane	945	542	-42.6
Dodge	92	45	-51.1
Door	18	17	-5.6
Douglas	258	62	-76.0
Dunn	81	40	-50.6
Eau Claire	199	29	-85.4
Fond du Lac	68	67	-1.5
Grant—SW Consortium[1]	82	22	-73.2
Green Lake	12	5	-58.3
Iron	3	4	33.3
Jackson	35	5	-85.7
Jefferson	30	22	-26.7
Kenosha	564	356	-36.9
La Crosse	181	41	-77.3
Langlade	32	18	-43.8
Lincoln	32	7	-78.1
Manitowoc	43	8	-81.4
Marathon	213	67	-68.5
Marinette	68	5	-92.6
Marquette	5	6	20.0
Menominee	99	15	-84.8
Oconto	13	3	-76.9
Outagamie	156	83	-46.8
Ozaukee	14	3	-78.6
Pepin	10	0	-100.0
Pierce	11	8	-27.3
Polk	14	26	85.7
Portage	63	20	-68.3

W-2 Contractor	September 1997	September 2000	Percentage Change
Price	27	5	-81.5%
Racine	719	155	-78.4
Rock	336	155	-53.9
Rusk	14	6	-57.1
St. Croix	13	15	15.4
Sauk	58	13	-77.6
Sawyer	57	8	-86.0
Sheboygan	66	54	-18.2
Taylor	18	5	-72.2
Trempealeau	32	8	-75.0
Vernon	29	6	-79.3
Washburn	16	7	-56.3
Washington	58	24	-58.6
Waupaca	45	47	4.4
Waushara	12	0	-100.0
Winnebago	169	78	-53.8
Wood	119	41	-65.5
Subtotal	5,627	2,303	-59.1%
Tribes			
Bad River Band	27	7	-74.1
Lac du Flambeau Band[2]	56	--	--
Oneida Nation	32	30	-6.3
Subtotal	115	37	-67.8%
Private Agencies in Milwaukee County[3]			
Employment Solutions	5,603	2,882	-48.6
Maximus	2,861	1,592	-44.4
OIC-GM	2,783	1,655	-40.5
UMOS	2,316	1,441	-37.8
YW Works	1,851	1,002	-45.9
Milwaukee-Unknown	1,011	6	-99.4
Subtotal	16,425	8,578	-47.8%
Private Agencies in Other Counties[4]			
Forest-Oneida-Vilas—Fwd. Serv.	119	19	-84.0
Juneau—W. WI PIC	37	40	8.1
Kewaunee—Fwd. Serv.	9	6	-33.3
Shawano—Job Center	60	24	-60.0
Walworth—Kaiser	68	33	-51.5
Waukesha—Curtis	216	84	-61.1
Subtotal	509	206	-59.5%

W-2 Contractor	September 1997	September 2000	Percentage Change
Other[5]			
Florence—Fwd. Serv.	7	4	-42.9%
Monroe—Wkfce. Conn.	78	43	-44.9
Subtotal	85	47	-44.7%
Total	22,761	11,171	-50.9%

[1] The Southwest Consortium consists of Grant, Green, Iowa, Lafayette, and Richland counties.

[2] The Lac du Flambeau Band of Chippewa was a W-2 agency through December 1999 but is not a W-2 agency under the current contract.

[3] Five agencies serve six regions in Milwaukee County:

Region I	YW Works
Region II	United Migrant Opportunity Services, Inc.
Region III	Opportunities Industrialization Center of Greater Milwaukee
Region IV	Employment Solutions, Inc., a subsidiary of Goodwill Industries of Southeastern Wisconsin and Metropolitan Chicago, Inc.
Region V	Employment Solutions, Inc., a subsidiary of Goodwill Industries of Southeastern Wisconsin and Metropolitan Chicago, Inc.
Region VI	Maximus, Inc.

Participants whose region could not be determined at the time of the caseload count are included in Milwaukee Unknown.

[4] Eight counties other than Milwaukee have been served by these five private agencies. The name of one of the agencies changed from the first to the second implementation period.

Curtis & Associates, Inc.	Waukesha County
Forward Service Corporation	Forest, Oneida, and Vilas (FOV) counties were served separately under the initial implementation contract and as a consortium under the current contract Kewaunee County
Kaiser Group, Inc.	Walworth County
Shawano County Job Center Incorporated	Shawano County
Western Wisconsin Private Industry Council, Inc.	Juneau County (initial implementation contract)
Workforce Connections, Inc.	Juneau County (current implementation contract)

[5] Programs in these counties were administered by county agencies in September 1997 but by the following private agencies in September 2000:

Forward Service Corporation	Florence County
Workforce Connections, Inc.	Monroe County

Appendix 6

W-2 Agencies' Contract Amounts, Reported Expenditures, Profits, and Reinvestment Under Initial Implementation Contracts

September 1997 through December 1999

W-2 Contractor	Contract Amount	Total Contract Expenditures	Percentage Spent	Total Profit	Total W-2 Reinvestment
Counties					
Adams	$ 2,312,112	$ 1,021,861	44.2%	$ 270,513	$ 488,993
Ashland	2,136,051	692,338	32.4	274,903	564,205
Barron	2,840,732	1,495,363	52.6	308,232	492,213
Bayfield	782,037	596,957	76.3	66,703	53,822
Brown	18,684,322	6,202,482	33.2	2,388,793	4,864,008
Buffalo	1,295,730	542,630	41.9	155,106	289,822
Burnett	1,808,875	602,743	33.3	231,191	470,566
Calumet	1,427,259	602,179	42.2	158,914	314,837
Chippewa	5,732,223	1,864,498	32.5	736,975	1,510,736
Clark	1,678,742	534,376	31.8	217,116	448,220
Columbia	2,674,029	1,320,340	49.4	295,517	487,505
Crawford	1,071,277	486,530	45.4	124,323	222,000
Dane	27,230,397	17,996,730	66.1	2,600,226	3,123,444
Dodge	3,407,516	1,278,458	37.5	420,093	817,050
Door	1,176,133	776,119	66.0	112,464	135,608
Douglas	8,153,131	2,884,783	35.4	1,024,699	2,042,911
Dunn	4,265,318	1,896,181	44.5	481,867	824,826
Eau Claire	11,558,545	3,986,320	34.5	1,464,886	2,951,044
Florence	704,055	317,445	45.1	82,029	147,353
Fond du Lac	3,994,910	1,789,196	44.8	464,844	833,400
Grant—SW Consortium[1]	7,184,439	3,455,244	48.1	812,823	1,394,605
Green Lake	1,306,952	632,875	48.4	147,786	253,349
Iron	665,495	242,729	36.5	83,213	164,827
Jackson	2,057,637	824,584	40.1	249,239	473,419
Jefferson	3,348,304	1,119,324	33.4	427,340	868,312
Kenosha	19,637,922	15,700,903	80.0	1,619,021	1,099,651
La Crosse	12,428,718	3,369,122	27.1	1,665,872	3,581,379
Langlade	2,149,597	853,071	39.7	261,232	498,418
Lincoln	2,175,447	685,684	31.5	281,899	583,279
Manitowoc	4,839,797	1,738,786	35.9	605,320	1,199,402
Marathon	11,351,099	5,757,797	50.7	1,255,002	2,071,912
Marinette	4,150,189	1,188,457	28.6	549,518	1,165,523
Marquette	835,850	402,669	48.2	94,721	162,948
Menominee	2,771,821	1,269,135	45.8	324,521	587,221
Monroe	4,029,473	1,297,377	32.2	520,150	1,071,389
Oconto	2,267,220	874,685	38.6	277,794	535,901
Outagamie	7,488,589	3,264,434	43.6	866,044	1,612,263
Ozaukee	1,518,109	733,630	48.3	171,443	293,290

W-2 Contractor	Contract Amount	Total Contract Expenditures	Percentage Spent	Total Profit	Total W-2 Reinvestment
Pepin	$ 481,360	$ 352,052	73.1%	$ 42,071	$ 37,689
Pierce	1,465,471	789,122	53.8	157,465	246,972
Polk	3,107,064	915,180	29.5	393,146	790,434
Portage	5,774,922	1,810,534	31.4	749,471	1,553,520
Price	1,300,860	669,384	51.5	141,889	228,732
Racine	28,657,639	12,014,359	41.9	3,435,008	6,430,381
Rock	20,382,439	7,323,695	35.9	2,553,725	5,071,296
Rusk	2,057,312	551,240	26.8	276,436	595,911
St. Croix	2,369,276	956,050	40.4	286,457	542,735
Sauk	3,581,617	1,400,950	39.1	433,834	824,044
Sawyer	3,071,428	766,752	25.0	413,461	893,076
Sheboygan	5,578,628	1,805,753	32.4	710,134	1,476,629
Taylor	1,253,401	400,697	32.0	162,303	335,544
Trempealeau	2,108,508	767,027	36.4	263,138	519,941
Vernon	1,582,930	767,546	48.5	178,416	304,248
Washburn	1,727,818	681,255	39.4	210,816	404,409
Washington	4,171,711	2,011,722	48.2	470,911	805,012
Waupaca	3,287,937	1,215,803	37.0	400,050	806,266
Waushara	2,150,441	927,536	43.1	251,651	455,041
Winnebago	10,583,824	4,540,575	42.9	1,234,593	2,295,735
Wood	7,037,870	2,828,571	40.2	851,293	1,613,887
Subtotal	$304,872,508	$133,793,838	43.9%	$35,708,600	$64,931,153
Tribes					
Bad River Band	$ 739,359	$ 501,427	67.8%	$ 51,755	$ 80,479
Lac du Flambeau Band	1,298,138	686,754	52.9	141,389	227,336
Oneida Nation	1,402,988	503,834	35.9	176,189	350,909
Subtotal	$ 3,440,485	$ 1,692,015	49.2%	$ 369,333	$ 658,724
Private Agencies in Milwaukee County[2]					
Employment Solutions	$112,425,421	$ 92,079,596	81.9%	$ 9,452,143	$ 5,446,841
Maximus	58,290,959	52,653,010	90.3	4,405,915	616,017
OIC-GM	57,209,283	48,657,479	85.1	4,622,816	1,964,494
UMOS	50,922,210	41,272,140	81.0	4,332,206	2,658,932
YW Works	40,033,798	32,245,679	80.5	3,415,466	2,186,326
Subtotal	$318,881,671	$266,907,904	83.7%	$26,228,546	$12,872,610

W-2 Contractor	Contract Amount	Total Contract Expenditures	Percentage Spent	Total Profit	Total W-2 Reinvestment
Private Agencies in Other Counties[3]					
Forest—Fwd. Serv.	$ 1,143,977	$ 568,798	49.7%	$ 128,233	$ 216,699
Juneau—W. WI PIC	2,275,855	981,293	43.1	268,288	490,401
Kewaunee—Fwd. Serv.	919,612	481,239	52.3	100,312	161,726
Oneida—Fwd. Serv.	2,846,511	916,346	32.2	366,831	754,087
Shawano—Job Center	2,503,609	1,322,489	52.8	272,769	438,824
Vilas—Fwd. Serv.	1,030,492	639,303	62.0	102,134	134,999
Walworth—Kaiser	4,199,447	1,934,654	46.1	482,959	850,488
Waukesha—Curtis	9,381,306	4,358,270	46.5	1,075,883	1,886,362
Subtotal	$ 24,300,809	$ 11,202,392	46.1%	$ 2,797,409	$ 4,933,586
Total	$651,495,473	$413,596,149	63.5%	$65,103,888	$83,396,073

[1] The Southwest Consortium consists of Grant, Green, Iowa, Lafayette, and Richland counties.

[2] These agencies served six regions in Milwaukee County:

Region I	YW Works
Region II	United Migrant Opportunity Services, Inc.
Region III	Opportunities Industrialization Center of Greater Milwaukee
Region IV	Employment Solutions, Inc., a subsidiary of Goodwill Industries of Southeastern Wisconsin and Metropolitan Chicago, Inc.
Region V	Employment Solutions, Inc., a subsidiary of Goodwill Industries of Southeastern Wisconsin and Metropolitan Chicago, Inc.
Region VI	Maximus, Inc.

[3] Eight counties other than Milwaukee were served by these five private agencies under the initial implementation contracts:

Curtis & Associates, Inc.	Waukesha County
Forward Service Corporation	Forest County Kewaunee County Oneida County Vilas County
Kaiser Group, Inc.	Walworth County
Shawano County Job Center Incorporated	Shawano County
Western Wisconsin Private Industry Council, Inc.	Juneau County

Appendix 7

Reported Expenditures by Type Under Initial Implementation Contracts
September 1997 through December 1999

W-2 Contractor	Cash Benefits	Direct Services	Administrative Costs	Additional Services	Total Expenditures
Counties					
Adams	$ 97,572	$ 693,879	$ 230,410	$ 13,298	$ 1,035,159
Ashland	70,762	534,245	87,331	4,034	696,372
Barron	86,750	1,156,756	251,857	9,908	1,505,271
Bayfield	36,307	512,618	48,032	1,466	598,423
Brown	628,095	5,025,971	548,416	88,764	6,291,246
Buffalo	136,711	286,304	119,615	6,194	548,824
Burnett	86,584	470,499	45,660	7,603	610,346
Calumet	79,126	394,896	128,157	7,745	609,924
Chippewa	274,356	1,079,589	510,553	9,635	1,874,133
Clark	35,624	434,740	64,012	3,691	538,067
Columbia	116,525	983,580	220,235	12,076	1,332,416
Crawford	24,487	359,460	102,583	3,200	489,730
Dane	6,171,899	9,989,367	1,835,464	734,295	18,731,025
Dodge	406,869	641,176	230,413	20,273	1,298,731
Door	156,510	513,099	106,510	2,711	778,830
Douglas	757,501	1,517,943	609,339	35,336	2,920,119
Dunn	356,640	1,162,982	376,559	78,414	1,974,595
Eau Claire	774,256	2,219,318	992,746	86,432	4,072,752
Florence	22,297	229,451	65,697	454	317,899
Fond du Lac	535,819	893,824	359,553	71,512	1,860,708
Grant—SW Consortium[1]	277,094	2,549,123	629,027	57,970	3,513,214
Green Lake	103,495	437,513	91,867	13,552	646,427
Iron	1,256	174,929	66,544	0	242,729
Jackson	46,914	605,055	172,615	4,670	829,254
Jefferson	160,524	886,722	72,078	14,398	1,133,722
Kenosha	2,836,242	11,112,934	1,751,727	695,126	16,396,029
La Crosse	766,949	2,213,546	388,627	102,614	3,471,736
Langlade	178,891	490,581	183,599	10,835	863,906
Lincoln	98,673	536,207	50,804	900	686,584
Manitowoc	113,340	1,177,809	447,637	3,002	1,741,788
Marathon	1,206,843	3,925,347	625,607	130,462	5,888,259
Marinette	54,654	728,012	405,791	1,536	1,189,993
Marquette	23,046	301,560	78,063	2,672	405,341
Menominee	537,106	562,853	169,176	11,538	1,280,673
Monroe	321,652	714,427	261,298	46,231	1,343,608
Oconto	49,885	658,343	166,457	356,945	1,231,630
Outagamie	1,028,641	1,808,104	427,689	38,502	3,302,936
Ozaukee	64,690	539,900	129,040	672	734,302
Pepin	21,359	304,973	25,720	499	352,551

W-2 Contractor	Cash Benefits	Direct Services	Administrative Costs	Additional Services	Total Expenditures
Pierce	$ 100,388	$ 542,187	$ 146,547	$ 21,996	$ 811,118
Polk	59,333	708,800	147,047	45,333	960,513
Portage	317,636	1,055,816	437,082	272,997	2,083,531
Price	71,235	537,377	60,772	114,234	783,618
Racine	2,693,444	7,194,755	2,126,160	197,342	12,211,701
Rock	1,264,838	4,941,420	1,117,437	242,022	7,565,717
Rusk	29,691	353,862	167,687	6,615	557,855
St. Croix	113,373	618,099	224,578	12,671	968,721
Sauk	292,765	839,316	268,869	9,623	1,410,573
Sawyer	104,839	578,405	83,508	31,001	797,753
Sheboygan	308,936	1,362,767	134,050	115,628	1,921,381
Taylor	60,727	315,125	24,845	7,192	407,889
Trempealeau	136,253	458,410	172,364	3,776	770,803
Vernon	115,688	497,706	154,152	6,678	774,224
Washburn	52,295	476,575	152,385	7,989	689,244
Washington	309,163	1,444,167	258,392	40,762	2,052,484
Waupaca	277,411	658,849	279,543	210,578	1,426,381
Waushara	29,359	680,593	217,584	24,115	951,651
Winnebago	811,197	3,165,698	563,680	37,248	4,577,823
Wood	508,098	1,824,484	495,989	44,931	2,873,502
Subtotal	$ 26,402,613	$ 87,082,046	$20,309,179	$4,141,896	$137,935,734
Tribes					
Bad River Band	$ 228,944	$ 243,167	$ 29,316	$ 7,835	$ 509,262
Lac du Flambeau Band	252,259	343,597	90,898	9,089	695,843
Oneida Nation	183,866	185,056	134,912	117,738	621,572
Subtotal	$ 665,069	$ 771,820	$ 255,126	$ 134,662	$ 1,826,677
Private Agencies in Milwaukee County[2]					
Employment Solutions	$ 51,080,448	$ 37,233,469	$ 3,765,679	$ 2,694,959	$ 94,774,555
Maximus	26,205,571	22,104,452	4,342,987	2,112,388	54,765,398
OIC-GM	27,132,164	18,801,730	2,723,585	2,152,973	50,810,452
UMOS	18,762,196	20,156,076	2,353,868	1,458,189	42,730,329
YW Works	15,393,330	14,226,500	2,625,849	1,126,954	33,372,633
Subtotal	$138,573,709	$112,522,227	$15,811,968	$9,545,463	$276,453,367

W-2 Contractor	Cash Benefits	Direct Services	Administrative Costs	Additional Services	Total Expenditures
Private Agencies in Other Counties[3]					
Forest—Fwd. Serv.	$ 95,567	$ 401,895	$ 71,336	$ 788	$ 569,586
Juneau—W. WI PIC	391,291	510,103	79,899	17,164	998,457
Kewaunee—Fwd. Serv.	76,384	337,503	67,352	3,340	484,579
Oneida—Fwd. Serv.	211,347	590,155	114,844	7,003	923,349
Shawano—Job Center	296,270	889,262	136,957	4,749	1,327,238
Vilas—Fwd. Serv.	140,277	428,482	70,544	898	640,201
Walworth—Kaiser	403,560	1,196,919	334,175	25,912	1,960,566
Waukesha—Curtis	675,987	3,036,996	645,287	204,281	4,562,551
Subtotal	$ 2,290,683	$ 7,391,315	$ 1,520,394	$ 264,135	$ 11,466,527
Total	$167,932,074	$207,767,408	$37,896,667	$14,086,156	$427,682,305

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[1] The Southwest Consortium consists of Grant, Green, Iowa, Lafayette, and Richland counties.

[2] These agencies served six regions in Milwaukee County:

Region I	YW Works
Region II	United Migrant Opportunity Services, Inc.
Region III	Opportunities Industrialization Center of Greater Milwaukee
Region IV	Employment Solutions, Inc., a subsidiary of Goodwill Industries of Southeastern Wisconsin and Metropolitan Chicago, Inc.
Region V	Employment Solutions, Inc., a subsidiary of Goodwill Industries of Southeastern Wisconsin and Metropolitan Chicago, Inc.
Region VI	Maximus, Inc.

[3] Eight counties other than Milwaukee were served by these five private agencies under the initial implementation contracts:

Curtis & Associates, Inc.	Waukesha County
Forward Service Corporation	Forest County Kewaunee County Oneida County Vilas County
Kaiser Group, Inc.	Walworth County
Shawano County Job Center Incorporated	Shawano County
Western Wisconsin Private Industry Council, Inc.	Juneau County

Appendix 8

Expenditures of Community Reinvestment Funds

Through September 2000

W-2 Contractor	Amount Earned	Total Spent	Percentage of Total Spent
Counties			
Adams	$ 488,993	$ 98,759	20.2%
Ashland	564,205	-	0.0
Barron	492,213	-	0.0
Bayfield	53,822	-	0.0
Brown	4,864,008	288,743	5.9
Buffalo	289,822	114,902	39.6
Burnett	470,566	102,421	21.8
Calumet	314,837	15,001	4.8
Chippewa	1,510,736	232,414	15.4
Clark	448,220	700	0.2
Columbia	487,505	87,453	17.9
Crawford	222,000	4,212	1.9
Dane	3,123,444	947,128	30.3
Dodge	817,050	8,679	1.1
Door	135,608	20,654	15.2
Douglas	2,042,911	367,286	18.0
Dunn	824,826	121,715	14.8
Eau Claire	2,951,044	612,535	20.8
Florence	147,353	30,435	20.7
Fond du Lac	833,400	212,304	25.5
Grant—SW Consortium[1]	1,394,605	200,799	14.4
Green Lake	253,349	14,745	5.8
Iron	164,827	-	0.0
Jackson	473,419	102,260	21.6
Jefferson	868,312	39,568	4.6
Kenosha	1,099,651	608,439	55.3
La Crosse	3,581,379	16,902	0.5
Langlade	498,418	120,178	24.1
Lincoln	583,279	20,149	3.5
Manitowoc	1,199,402	-	0.0
Marathon	2,071,912	947,623	45.7
Marinette	1,165,523	1,165,523	100.0
Marquette	162,948	16,033	9.8
Menominee	587,221	-	0.0
Monroe	1,071,389	293,737	27.4
Oconto	535,901	-	0.0
Outagamie	1,612,263	246,645	15.3
Ozaukee	293,290	6,979	2.4

W-2 Contractor	Amount Earned	Total Spent	Percentage of Total Spent
Pepin	$ 37,689	$ 6,976	18.5%
Pierce	246,972	21,247	8.6
Polk	790,434	48,521	6.1
Portage	1,553,520	470,934	30.3
Price	228,732	226	0.1
Racine	6,430,381	985,757	15.3
Rock	5,071,296	813,062	16.0
Rusk	595,911	102,700	17.2
St. Croix	542,735	71,179	13.1
Sauk	824,044	85,723	10.4
Sawyer	893,076	-	0.0
Sheboygan	1,476,629	229,040	15.5
Taylor	335,544	-	0.0
Trempealeau	519,941	13,441	2.6
Vernon	304,248	-	0.0
Washburn	404,409	695	0.2
Washington	805,012	112,562	14.0
Waupaca	806,266	35,982	4.5
Waushara	455,041	89,226	19.6
Winnebago	2,295,735	416,290	18.1
Wood	1,613,887	157,754	9.8
Subtotal	$64,931,153	$10,950,793	16.9%
Tribes			
Bad River Band	$ 80,479	-	0.0%
Lac du Flambeau Band	227,336	-	0.0
Oneida Nation	350,909	-	0.0
Subtotal	$ 658,724	-	0.0%
Private Agencies in Milwaukee County[2]			
Employment Solutions	$ 5,446,841	$ 515,497	9.5%
Maximus	616,017	-	0.0
OIC-GM	1,964,494	371,024	18.9
UMOS	2,658,932	780,113	29.3
YW Works	2,186,326	796,886	36.4
Subtotal	$12,872,610	$ 2,463,520	19.1%

W-2 Contractor	Amount Earned	Total Spent	Percentage of Total Spent
Private Agencies in Other Counties[3]			
Forest—Fwd. Serv.	$ 216,699	$ 14,750	6.8%
Juneau—W. WI PIC	490,401	82,074	16.7
Kewaunee—Fwd. Serv.	161,726	2,818	1.7
Oneida—Fwd. Serv.	754,087	20,119	2.7
Shawano—Job Center	438,824	-	0.0
Vilas—Fwd. Serv.	134,999	16,401	12.1
Walworth—Kaiser	850,488	303,558	35.7
Waukesha—Curtis	1,886,362	346,600	18.4
Subtotal	$ 4,933,586	$ 786,320	15.9%
Total	$83,396,073	$14,200,633	17.0%

[1] The Southwest Consortium consists of Grant, Green, Iowa, Lafayette, and Richland counties.

[2] These agencies served six regions in Milwaukee County:

Region I	YW Works
Region II	United Migrant Opportunity Services, Inc.
Region III	Opportunities Industrialization Center of Greater Milwaukee
Region IV	Employment Solutions, Inc., a subsidiary of Goodwill Industries of Southeastern Wisconsin and Metropolitan Chicago, Inc.
Region V	Employment Solutions, Inc., a subsidiary of Goodwill Industries of Southeastern Wisconsin and Metropolitan Chicago, Inc.
Region VI	Maximus, Inc.

[3] Eight counties other than Milwaukee were served by these five private agencies under the initial implementation contracts:

Curtis & Associates, Inc.	Waukesha County
Forward Service Corporation	Forest County Kewaunee County Oneida County Vilas County
Kaiser Group, Inc.	Walworth County
Shawano County Job Center Incorporated	Shawano County
Western Wisconsin Private Industry Council, Inc.	Juneau County

Appendix 9

Current Contract Amounts, Reported Expenditures, and Potential Bonuses and Reinvestment

W-2 Contractor	Total Contract Amount	Contract Expenditures through Sept. 2000	Percentage of Contract Spent through Sept. 2000	Maximum Allowable Bonus	Total W-2 Reinvestment
Counties					
Adams	$ 500,084	$ 274,883	55.0%	$ 20,003	$ 15,003
Ashland	659,996	186,636	28.3	26,400	19,800
Barron	1,249,525	396,922	31.8	49,981	37,486
Bayfield	400,000	139,678	34.9	16,000	12,000
Brown	3,810,898	1,279,640	33.6	152,436	114,327
Buffalo	400,000	103,679	25.9	16,000	12,000
Burnett	450,000	139,644	31.0	18,000	13,500
Calumet	569,996	198,056	34.7	22,800	17,100
Chippewa	1,621,292	381,899	23.6	64,852	48,639
Clark	617,510	124,008	20.1	24,700	18,525
Columbia	812,264	386,698	47.6	32,491	24,368
Crawford	300,000	122,482	40.8	12,000	9,000
Dane	16,986,518	5,733,753	33.8	679,461	509,596
Dodge	1,540,663	370,891	24.1	61,627	46,220
Door	627,909	190,988	30.4	25,116	18,837
Douglas	2,873,783	785,026	27.3	114,951	86,213
Dunn	1,465,427	490,951	33.5	58,617	43,963
Eau Claire	3,187,098	907,292	28.5	127,484	95,613
Fond du Lac	2,769,798	514,973	18.6	110,792	83,094
Grant—SW Consortium[1]	2,501,245	920,701	36.8	100,050	75,037
Green Lake	533,559	134,616	25.2	21,342	16,007
Iron	200,000	85,465	42.7	8,000	6,000
Jackson	698,760	197,567	28.3	27,950	20,963
Jefferson	1,011,526	352,820	34.9	40,461	30,346
Kenosha	9,285,649	3,562,696	38.4	371,426	278,569
La Crosse	4,180,927	785,846	18.8	167,237	125,428
Langlade	872,088	197,019	22.6	34,884	26,163
Lincoln	617,822	186,565	30.2	24,713	18,535
Manitowoc	825,768	421,985	51.1	33,031	24,773
Marathon	3,720,273	1,784,913	48.0	148,811	111,608
Marinette	814,434	393,002	48.3	32,577	24,433
Marquette	400,000	99,675	24.9	16,000	12,000
Menominee	706,259	263,032	37.2	28,250	21,188
Oconto	701,242	335,754	47.9	28,050	21,037
Outagamie	3,437,071	1,158,079	33.7	137,483	103,112

W-2 Contractor	Total Contract Amount	Contract Expenditures through Sept. 2000	Percentage of Contract Spent through Sept. 2000	Maximum Allowable Bonus	Total W-2 Reinvestment
Ozaukee	$ 723,881	$ 208,255	28.8%	$ 28,955	$ 21,716
Pepin	250,000	66,944	26.8	10,000	7,500
Pierce	641,554	214,461	33.4	25,662	19,247
Polk	786,213	234,774	29.9	31,449	23,586
Portage	1,295,757	382,949	29.6	51,830	38,873
Price	682,015	173,174	25.4	27,281	20,460
Racine	7,270,142	2,571,841	35.4	290,806	218,104
Rock	4,696,860	2,131,320	45.4	187,874	140,906
Rusk	400,000	76,134	19.0	16,000	12,000
St. Croix	736,139	317,430	43.1	29,446	22,084
Sauk	1,088,434	479,239	44.0	43,537	32,653
Sawyer	760,784	200,680	26.4	30,431	22,824
Sheboygan	736,139	432,073	27.8	62,183	46,637
Taylor	450,000	123,096	27.4	18,000	13,500
Trempealeau	745,057	170,878	22.9	29,802	22,353
Vernon	537,192	145,249	27.0	21,488	16,116
Washburn	500,086	174,347	34.9	20,004	15,002
Washington	1,445,148	515,582	35.7	57,806	43,354
Waupaca	1,114,279	335,644	30.1	44,571	33,428
Waushara	713,956	304,105	42.6	28,558	21,419
Winnebago	3,717,106	1,086,832	29.2	148,684	111,513
Wood	2,418,077	826,567	34.2	96,723	72,542
Subtotal	$103,876,637	$ 34,779,408	33.5%	$ 4,155,066	$ 3,116,300
Tribes					
Bad River Band	$ 350,000	$ 143,272	40.9%	$ 14,000	$ 10,500
Oneida Nation	530,286	187,953	35.4	21,211	15,909
Subtotal	$ 880,286	$ 331,225	37.6%	$ 35,211	$ 26,409
Private Agencies in Milwaukee County[2]					
Employment Solutions	$ 87,467,255	$ 27,032,607	30.9%	$ 3,498,690	$ 2,624,017
Maximus	45,083,756	14,068,845	31.2	1,803,350	1,352,513
OIC-GM	47,140,124	14,737,449	31.3	1,885,605	1,414,204
UMOS	37,027,252	14,187,698	38.3	1,481,090	1,110,818
YW Works	36,451,896	12,017,928	33.0	1,458,076	1,093,557
Subtotal	$253,170,283	$ 82,044,527	32.4%	$10,126,811	$ 7,595,109

W-2 Contractor	Total Contract Amount	Contract Expenditures through Sept. 2000	Percentage of Contract Spent through Sept. 2000	Maximum Allowable Bonus	Total W-2 Reinvestment
Private Agencies in Other Counties[3]					
Florence—Fwd. Serv.	$ 200,000	$ 84,205	42.1%	$ 8,000	$ 6,000
FOV—Fwd. Serv.	1,829,990	678,119	37.1	73,200	54,900
Juneau—Wkfce. Conn.	1,262,342	388,846	30.8	50,494	37,870
Kewaunee—Fwd. Serv.	250,000	116,666	46.7	10,000	7,500
Monroe—Wkfce. Conn.	1,393,615	393,896	28.3	55,745	41,808
Shawano—Job Center	1,070,576	446,931	41.7	42,823	32,117
Walworth—Kaiser	1,828,434	586,551	32.1	73,137	54,853
Waukesha—Curtis	3,552,280	1,511,204	42.5	142,091	106,568
Subtotal	$ 11,387,237	$ 4,206,418	36.9%	$ 455,490	$ 341,616
Total	$369,314,443	$121,361,578	32.9%	$14,772,578	$11,079,434

[1] The Southwest Consortium consists of Grant, Green, Iowa, Lafayette, and Richland counties.

[2] These agencies serve six regions in Milwaukee County:

Region I	YW Works
Region II	United Migrant Opportunity Services, Inc.
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Region IV	Employment Solutions, Inc., a subsidiary of Goodwill Industries of Southeastern Wisconsin and Metropolitan Chicago, Inc.
Region V	Employment Solutions, Inc., a subsidiary of Goodwill Industries of Southeastern Wisconsin and Metropolitan Chicago, Inc.
Region VI	Maximus, Inc.

[3] Ten counties other than Milwaukee are served by these five private agencies under the current contracts:

Curtis & Associates, Inc.	Waukesha County
Forward Service Corporation	Florence County Forest, Oneida, and Vilas (FOV) counties, operating as a consortium Kewaunee County
Kaiser Group, Inc.	Walworth County
Shawano County Job Center Incorporated	Shawano County
Workforce Connections, Inc.	Juneau County Monroe County

Appendix 10

Reported Expenditures by Type
Under Current Implementation Contracts

January 2000 through September 2000

W-2 Contractor	Cash Benefits	Direct Services	Administrative Costs	Additional Services	Total Expenditures
Counties					
Adams	$ 25,111	$ 188,564	$ 61,208	$ 507	$ 275,390
Ashland	13,725	160,073	12,838	5,678	192,314
Barron	18,996	292,520	85,406	10,938	407,860
Bayfield	19,679	113,963	6,036	600	140,278
Brown	72,301	1,069,645	137,694	33,119	1,312,759
Buffalo	8,839	68,192	26,648	2,037	105,716
Burnett	18,622	76,067	44,955	2,202	141,846
Calumet	33,269	115,935	48,852	1,824	199,880
Chippewa	59,902	234,361	87,636	1,750	383,649
Clark	13,124	94,255	16,629	6,228	130,236
Columbia	37,757	295,079	53,862	11,161	397,859
Crawford	4,923	99,020	18,539	-	122,482
Dane	1,480,265	3,563,202	690,286	840,375	6,574,128
Dodge	87,405	229,804	53,682	18,929	389,820
Door	23,428	128,126	39,434	700	191,688
Douglas	131,179	474,675	179,172	16,296	801,322
Dunn	109,784	311,758	69,409	40,010	530,961
Eau Claire	79,799	608,236	219,257	59,498	966,790
Fond du Lac	182,714	270,928	61,331	34,410	549,383
Grant—SW Consortium[1]	61,242	722,550	136,909	18,248	938,949
Green Lake	7,001	103,120	24,495	3,775	138,391
Iron	5,804	61,745	17,916	-	85,465
Jackson	8,123	146,004	43,440	2,102	199,669
Jefferson	26,424	303,202	23,194	3,913	356,733
Kenosha	1,101,850	2,042,132	418,714	217,994	3,780,690
La Crosse	107,577	553,573	124,696	33,939	819,785
Langlade	50,247	118,888	27,884	2,300	199,319
Lincoln	17,626	155,501	13,438	3,225	189,790
Manitowoc	7,682	336,403	77,900	14,270	436,255
Marathon	208,270	1,344,569	232,074	66,996	1,851,909
Marinette	11,220	238,966	142,816	-	393,002
Marquette	3,385	74,592	21,698	5,250	104,925
Menominee	67,397	125,420	70,215	1,269	264,301
Oconto	19,451	280,714	35,589	2,277	338,031
Outagamie	205,257	730,283	222,539	23,089	1,181,168
Ozaukee	8,306	150,209	49,740	500	208,755
Pepin	21	59,692	7,231	-	66,944
Pierce	18,770	166,376	29,315	5,989	220,450

W-2 Contractor	Cash Benefits	Direct Services	Administrative Costs	Additional Services	Total Expenditures
Polk	$ 20,003	$ 181,213	$ 33,558	$ 21,959	$ 256,733
Portage	23,951	260,937	98,061	115,220	498,169
Price	23,775	140,503	8,896	62,175	235,349
Racine	515,452	1,762,630	293,759	259,791	2,831,632
Rock	414,024	1,496,031	221,265	113,673	2,244,993
Rusk	6,525	50,872	18,737	2,203	78,337
St. Croix	51,746	136,192	129,492	13,000	330,430
Sauk	74,836	278,395	126,008	4,972	484,211
Sawyer	15,275	177,787	7,618	10,578	211,258
Sheboygan	101,452	287,340	43,281	69,192	501,265
Taylor	10,687	92,664	19,745	3,442	126,538
Trempealeau	14,872	112,024	43,982	2,240	173,118
Vernon	28,806	87,983	28,460	3,063	148,312
Washburn	22,634	110,087	41,626	6,877	181,224
Washington	75,367	351,728	88,487	27,830	543,412
Waupaca	105,465	178,919	51,260	77,267	412,911
Waushara	2,713	222,960	78,432	23,945	328,050
Winnebago	258,620	630,728	197,484	32,371	1,119,203
Wood	151,233	549,971	125,363	27,037	853,604
Subtotal	$ 6,273,911	$23,217,306	$5,288,191	$2,368,233	$37,147,641
Tribes					
Bad River Band	$ 30,880	$ 94,101	$ 18,291	$ 2,759	$ 146,031
Oneida Nation	65,633	60,816	61,504	-	187,953
Subtotal	$ 96,513	$ 154,917	$ 79,795	$ 2,759	$ 333,984
Private Agencies in Milwaukee County[2]					
Employment Solutions	$10,151,604	$15,452,156	$1,428,847	$ 489,731	$27,522,338
Maximus	5,954,649	7,196,745	917,451	406,908	14,475,753
OIC-GM	5,517,794	8,174,106	1,045,549	1,125,217	15,862,666
UMOS	4,526,200	8,250,457	1,411,041	497,739	14,685,437
YW Works	3,815,679	6,943,152	1,259,097	139,358	12,157,286
Subtotal	$29,965,926	$46,016,616	$6,061,985	$2,658,953	$84,703,480

W-2 Contractor	Cash Benefits	Direct Services	Administrative Costs	Additional Services	Total Expenditures
Private Agencies in Other Counties[3]					
Florence—Fwd. Serv.	$ 8,949	$ 66,621	$ 8,635	$ -	$ 84,205
FOV—Fwd. Serv.	51,125	528,730	98,264	16,921	695,040
Juneau—Wkfce. Conn.	101,062	248,474	39,310	3,484	392,330
Kewaunee—Fwd. Serv.	15,663	87,936	13,067	450	117,116
Monroe—Wkfce. Conn.	91,439	267,525	34,932	13,897	407,793
Shawano—Job Center	90,783	295,669	60,479	3,826	450,757
Walworth—Kaiser	133,776	355,253	97,522	6,781	593,332
Waukesha—Curtis	201,078	1,110,915	199,211	79,012	1,590,216
Subtotal	$ 693,875	$ 2,961,123	$ 551,420	$ 124,371	$ 4,330,789
Total	$37,030,225	$72,349,962	$11,981,391	$5,154,316	$126,515,894

[1] The Southwest Consortium consists of Grant, Green, Iowa, Lafayette, and Richland counties.

[2] These agencies serve six regions in Milwaukee County:

Region I	YW Works
Region II	United Migrant Opportunity Services, Inc.
Region III	Opportunities Industrialization Center of Greater Milwaukee
Region IV	Employment Solutions, Inc., a subsidiary of Goodwill Industries of Southeastern Wisconsin and Metropolitan Chicago, Inc.
Region V	Employment Solutions, Inc., a subsidiary of Goodwill Industries of Southeastern Wisconsin and Metropolitan Chicago, Inc.
Region VI	Maximus, Inc.

[3] Ten counties other than Milwaukee are served by these five private agencies under the current contracts:

Curtis & Associates, Inc.	Waukesha County
Forward Service Corporation	Florence County Forest, Oneida, and Vilas (FOV) counties, operating as a consortium Kewaunee County
Kaiser Group, Inc.	Walworth County
Shawano County Job Center Incorporated	Shawano County
Workforce Connections, Inc.	Juneau County Monroe County

Appendix 11

Performance Bonus Criteria

Criteria	Base Performance Level	First Bonus Level	Second Bonus Level
Entered Employment	35% or more of all participants served have been placed in a job.	40% or more of all participants served have been placed in a job.	45% or more of all participants served have been placed in a job.
Average Wage Rate	Equal to or greater than the base wage rate attained by all participants during 1998.	Equals the base wage rate plus 2.5 percent of the base.	Equals the base wage rate plus 5.0 percent of the base.
Job Retention			
30 days	At least 75% of all participants remain employed after 30 days.	At least 80% of participants remain employed after 30 days.	At least 85% of participants remain employed after 30 days.
180 days	50% or more of all participants remain employed after 180 days.	At least 55% of participants remain employed after 180 days.	At least 60% of participants remain employed after 180 days.
Full and Appropriate Engagement	At least 80% of adult W-2 and FSET participants in subsidized employment are engaged in appropriate activities for the required number of hours each week.	At least 85% of adult W-2 and FSET participants in subsidized employment are engaged in appropriate activities for the required number of hours each week.	At least 90% of adult W-2 and FSET participants in subsidized employment are engaged in appropriate activities for the required number of hours each week.

Criteria	Base Performance Level	First Bonus Level	Second Bonus Level
Basic Educational Activities	At least 80% of all FSET participants and adults in W-2 subsidized employment positions who are not in high school are assigned to appropriate educational activities.	At least 85% of all FSET participants and adults in W-2 subsidized employment positions are engaged in appropriate activities for the required number of hours.	At least 90% of all FSET participants and adults in W-2 subsidized employment positions are engaged in appropriate activities for the required number of hours.
Employer Health Insurance Benefits	Employer health insurance is available to at least 30% of all participants who are employed.	Employer health insurance is available to at least 35% of all participants who are employed.	Employer health insurance is available to at least 40% of all participants who are employed.
Optional—Faith-Based Contracts	Standard may only be used to replace a mandatory standard not achieved for the second bonus level.	Standard may only be used to replace a mandatory standard not achieved for the second bonus level.	Valid contract between the W-2 agency and a faith-based provider during 7 of the 8 quarters of the contract period, to provide direct services to W-2 participants.
Optional—Attainment of Basic Skills/Job Skills	Standard may only be used to replace a mandatory standard not achieved for the second bonus level.	Standard may only be used to replace a mandatory standard not achieved for the second bonus level.	At least 50% of the participants assigned to basic skills or job skills training complete the required training successfully.

Appendix 12

Performance Bonuses Earned and Standards Met
Under Current Implementation Contracts

From January 2000 through December 2000

W-2 Contractor	Maximum Allowable Bonus and Reinvestment	Potential Bonus	Percentage of Possible Bonus Earned	Standards Met through December 2000*: Entered Employment	Average Wage Rate	Job Retention—30 Days	Job Retention—180 Days	Full and Appropriate Engagement	Basic Educational Activities	Employer Health Insurance Benefit
Counties										
Adams	$ 35,006	$ 28,339	81.0%	level 1	level 2	level 2	level 2	level 2	base	level 1
Ashland	46,200	39,600	85.7	base	level 2	level 2	level 2	level 1	level 2	level 2
Barron	87,467	74,973	85.7	level 1	level 2	level 2	level 2	level 2	base	level 2
Bayfield	28,000	17,333	61.9	level 2	level 2	level 2	level 2	level 1	none	none
Brown	266,763	254,060	95.2	level 2	level 2	base	level 2	level 2	level 2	level 2
Buffalo	28,000	28,000	100.0	level 2	level 2	level 2	level 2	level 2	level 2	level 2
Burnett	31,500	16,500	52.4	base	level 2	base	base	base	base	base
Calumet	39,900	36,100	90.5	level 2	level 2	level 2	level 2	base	level 2	level 2
Chippewa	102,683	97,279	90.5	level 2	level 2	level 2	level 2	level 2	base	level 2
Clark	43,225	41,167	95.2	level 2	level 2	level 2	level 2	level 2	level 1	level 2
Columbia	56,859	55,504	97.6	level 2	level 2	level 1	level 2	level 2	level 2	level 2

*None: The agency did not meet the performance standard on any level.
Base: The agency met the base performance standard for the restricted-use bonus.
Level 1: The agency met the first performance standard for the unrestricted-use bonus.
Level 2: The agency met the second performance standard for the unrestricted-use bonus.

W-2 Contractor	Maximum Allowable Bonus and Reinvestment	Potential Bonus	Percentage of Possible Bonus Earned	Standards Met through December 2000*						
				Entered Employment	Average Wage Rate	Job Retention—30 Days	Job Retention—180 Days	Full and Appropriate Engagement	Basic Educational Activities	Employer Health Insurance Benefit
Crawford	$ 21,000	$ 16,500	78.6%	level 2	level 1	level 2	level 2	level 2	none	level 2
Dane	1,189,057	1,132,434	95.2	level 2	level 2	level 2	base	level 2	level 2	level 2
Dodge	107,847	107,847	100.0	level 2	level 2	level 2	level 2	level 2	level 2	level 2
Door	43,953	43,953	100.0	level 2	level 2	level 2	level 2	level 2	level 2	level 2
Douglas	201,164	182,006	90.5	level 1	level 2	level 2	level 2	level 2	level 1	level 2
Dunn	102,580	87,927	85.7	level 2	level 2	base	level 2	level 2	base	level 2
Eau Claire	223,097	191,226	85.7	level 2	level 2	level 1	level 1	level 2	base	level 2
Fond du Lac	193,886	189,270	97.6	level 2	level 2	level 2	level 1	level 2	level 2	level 2
Grant—SW Consortium[1]	175,087	166,750	95.2	level 1	level 2	level 2	level 2	level 2	level 2	level 2
Green Lake	37,349	31,124	83.3	level 2	level 2	level 1	base	base	level 2	level 2
Iron	14,000	13,334	95.2	level 2	level 2	level 2	level 2	level 2	level 2	level 1
Jackson	48,913	46,584	95.2	level 2	level 2	level 2	level 2	level 2	level 1	level 2
Jefferson	70,807	67,436	95.2	level 2	level 2	level 2	level 2	level 2	level 1	level 2
Kenosha	649,995	541,662	83.3	base	level 2	level 1	level 2	level 2	level 2	level 1
La Crosse	292,665	292,665	100.0	level 2	level 2	level 2	level 2	level 2	level 2	level 2

*None: The agency did not meet the performance standard on any level.
Base: The agency met the base performance standard for the restricted-use bonus.
Level 1: The agency met the first performance standard for the unrestricted-use bonus.
Level 2: The agency met the second performance standard for the unrestricted-use bonus.

W-2 Contractor	Maximum Allowable Bonus and Reinvestment	Potential Bonus	Percentage of Possible Bonus Earned	Standards Met through December 2000*						
				Entered Employment	Average Wage Rate	Job Retention—30 Days	Job Retention—180 Days	Full and Appropriate Engagement	Basic Educational Activities	Employer Health Insurance Benefit
Langlade	$ 61,047	$ 40,698	66.7%	base	level 2	level 1	level 1	base	base	level 2
Lincoln	43,248	41,188	95.2	level 2	level 2	level 2	level 2	level 2	level 1	level 2
Manitowoc	57,804	53,674	92.9	level 2	level 2	level 1	level 2	level 2	level 2	level 1
Marathon	260,419	248,017	95.2	level 2	level 2	level 2	level 2	level 2	level 1	level 2
Marinette	57,010	57,010	100.0	level 2	level 2	level 2	level 2	level 2	level 2	level 2
Marquette	28,000	25,332	90.5	level 2	level 2	level 2	level 2	level 2	base	level 2
Menominee	49,438	21,188	42.9	base	level 2	level 2	base	none	none	base
Oconto	49,087	46,750	95.2	level 2	level 2	base	level 2	level 2	level 2	level 2
Outagamie	240,595	194,767	81.0	level 2	level 2	level 1	level 1	level 1	base	level 2
Ozaukee	50,671	39,814	78.6	level 1	level 2	base	level 1	base	level 2	level 2
Pepin	17,500	14,999	85.7	level 1	level 1	base	level 2	level 2	level 2	level 2
Pierce	44,909	43,841	97.6	level 2	level 2	level 1	level 2	level 2	level 2	level 2
Polk	55,035	45,862	83.3	level 2	level 2	level 1	level 2	level 1	base	level 2
Portage	90,703	77,746	85.7	level 2	level 2	level 1	level 1	level 2	level 2	base
Price	47,741	40,920	85.7	level 2	level 2	base	level 2	level 1	level 1	level 2
Racine	508,910	496,793	97.6	level 2	level 2	level 1	level 2	level 2	level 2	level 2

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Base: The agency met the base performance standard for the restricted-use bonus.
Level 1: The agency met the first performance standard for the unrestricted-use bonus.
Level 2: The agency met the second performance standard for the unrestricted-use bonus.

W-2 Contractor	Maximum Allowable Bonus and Reinvestment	Potential Bonus	Percentage of Possible Bonus Earned	Standards Met through December 2000*: Entered Employment	Average Wage Rate	Job Retention—30 Days	Job Retention—180 Days	Full and Appropriate Engagement	Basic Educational Activities	Employer Health Insurance Benefit
Rock	$ 328,780	$ 242,671	73.8%	level 1	level 2	level 1	base	level 2	base	level 1
Rusk	28,000	28,000	100.0	level 2	level 2	level 2	level 2	level 2	level 2	level 2
St. Croix	51,530	44,169	85.7	level 2	level 2	level 1	level 1	level 2	base	level 2
Sauk	76,190	76,190	100.0	level 2	level 2	level 2	level 2	level 2	level 2	level 2
Sawyer	53,255	43,112	81.0	level 2	level 2	level 2	level 2	base	level 2	base
Sheboygan	108,820	106,228	97.6	level 2	level 2	level 1	level 2	level [illegible]	level 2	level 2
Taylor	31,500	31,500	100.0	level 2	level 2	level 2	level 2	level 2	level 2	level 2
Trempealeau	52,155	49,671	95.2	level 2	level 2	base	level 2	level 2	level 2	level 2
Vernon	37,604	29,546	78.6	base	level 2	level 1	base	level 2	level 1	level 2
Washburn	35,006	31,673	90.5	level 2	level 2	level 2	level 2	level 2	base	level 2
Washington	101,160	98,751	97.6	level 2	level 2	level 1	level 2	level 2	level 2	level 2
Waupaca	77,999	55,714	71.4	level 1	level 2	base	base	level 1	base	level 2
Waushara	49,977	47,597	95.2	level 2	level 2	level 2	base	level 2	level 2	level 2
Winnebago	260,197	192,050	73.8	base	level 2	level 2	level 1	level 2	base	level 1
Wood	169,265	145,085	85.7	level 2	level 2	level 2	level 2	level 1	base	level 2
Subtotal	$ 7,271,366	$ 6,515,533	89.6%							

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Level 2: The agency met the second performance standard for the unrestricted-use bonus.

W-2 Contractor	Maximum Allowable Bonus and Reinvestment	Potential Bonus	Percentage of Possible Bonus Earned	Standards Met through December 2000*						
				Entered Employment	Average Wage Rate	Job Retention—30 Days	Job Retention—180 Days	Full and Appropriate Engagement	Basic Educational Activities	Employer Health Insurance Benefit
Tribes										
Bad River Band	$ 24,500	$ 19,833	81.0%	level 1	level 2	level 2	level 2	base	Level 1	level 2
Oneida Nation	37,120	28,283	76.2	level 2	level 2	base	level 2	base	base	level 2
Subtotal	$ 61,620	$ 48,116	78.1%							
Private Agencies in Milwaukee County[2]										
Empl. Solutions	$ 6,122,707	$ 5,831,150	95.2%	level 1	level 2	level 2	level 2	level 2	level 2	level 2
Maximus	3,155,863	2,554,746	81.0	level 1	level 2	level 1	level 1	level 2	base	level 2
OIC-GM	3,299,809	2,828,407	85.7	level 1	level 2	level 2	level 2	level 1	level 1	level 2
UMOS	2,591,908	2,036,499	78.6	base	level 2	level 2	level 1	level 1	level 1	level 2
YW Works	2,551,633	2,308,620	90.5	level 2	level 2	level 2	level 2	level 1	level 1	level 2
Subtotal	$17,721,920	$15,559,422	87.8%							

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W-2 Contractor	Maximum Allowable Bonus and Reinvestment	Potential Bonus	Percentage of Possible Bonus Earned	Standards Met through December 2000*						
				Entered Employment	Average Wage Rate	Job Retention—30 Days	Job Retention—180 Days	Full and Appropriate Engagement	Basic Educational Activities	Employer Health Insurance Benefit
Private Agencies in Other Counties[3]										
Florence—Fwd. Serv.	14,000	12,667	90.5%	level 2	level 2	level 2	level 2	level 2	level 1	level 1
FOV—Fwd. Serv.	$ 128,100	$ 122,000	95.2	level 2	level 2	level 2	level 2	level 2	level 1	level 2
Juneau—Wkfce. Conn.	88,364	86,260	97.6	level 2	level 2	level 2	level 1	level 2	level 2	level 2
Kewaunee—Fwd. Serv.	17,500	17,083	97.6	level 2	level 2	level 1	level 2	level 2	level 2	level 2
Monroe—Wkfce. Conn.	97,553	95,299	97.7	level 2	level 2	level 1	level 2	level 2	level 2	level 2
Shawano—Job Center	74,940	67,804	90.5	base	level 2	level 2	level 2	level 2	level 2	level 2
Walworth—Kaiser	127,990	127,990	100.0	level 2	level 2	level 2	level 2	level 2	level 2	level 2
Waukesha—Curtis	248,659	236,819	95.2	level 2	level 2	level 2	level 2	level 2	level 1	level 2
Subtotal	$ 797,106	$ 765,852	96.1%							
Total	$25,852,012	$22,888,923	88.5%							

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[1] The Southwest Consortium consists of Grant, Green, Iowa, Lafayette, and Richland counties.

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Region IV	Employment Solutions, Inc., a subsidiary of Goodwill Industries of Southeastern Wisconsin and Metropolitan Chicago, Inc.
Region V	Employment Solutions, Inc., a subsidiary of Goodwill Industries of Southeastern Wisconsin and Metropolitan Chicago, Inc.
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[3] Ten counties other than Milwaukee are served by these five private agencies under the current contracts:

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Forward Service Corporation	Florence County Forest, Oneida, and Vilas (FOV) counties, operating as a consortium Kewaunee County
Kaiser Group, Inc.	Walworth County
Shawano County Job Center Incorporated	Shawano County
Workforce Connections, Inc.	Juneau County Monroe County

Appendix 13

Income and Poverty Status of Former W-2 Participants

(Left W-2 in First Quarter 1998)

W-2 Contractor	Number Who Left W-2	Number Filing Returns	Number Claiming EITC	Average State and Federal EITC	Average Income	Percentage Above Poverty	Percentage Above Poverty with EITC
Counties							
Adams[1]	--	--	--	--	--	--	--
Ashland[1]	--	--	--	--	--	--	--
Barron	10	7	7	$2,875	$ 7,757	16.7%	33.3%
Bayfield[1]	--	--	--	--	--	--	--
Brown	74	49	38	2,360	14,326	40.0	53.3
Buffalo[1]	--	--	--	--	--	--	--
Burnett[1]	--	--	--	--	--	--	--
Calumet	10	7	4	2,596	22,132	40.0	40.0
Chippewa	14	10	8	1,257	9,857	25.0	25.0
Clark[1]	--	--	--	--	--	--	--
Columbia[1]	--	--	--	--	--	--	--
Crawford[1]	--	--	--	--	--	--	--
Dane	188	105	90	2,035	11,449	31.4	46.1
Dodge	20	15	11	1,150	15,950	70.0	80.0
Door[1]	--	--	--	--	--	--	--
Douglas	106	68	58	2,283	11,284	37.9	50.0
Dunn	9	5	5	6,063	8,486	0.0	33.3
Eau Claire	55	45	37	3,081	12,542	28.6	45.7
Florence[1]	--	--	--	--	--	--	--
Fond du Lac	39	33	31	2,557	12,733	32.0	52.0
Grant—SW Consortium[1, 2]	--	--	--	--	--	--	--
Green Lake[1]	--	--	--	--	--	--	--
Iron[1]	--	--	--	--	--	--	--
Jackson[1]	--	--	--	--	--	--	--
Jefferson	9	7	6	626	15,980	80.0	80.0
Kenosha	71	37	34	2,171	9,537	25.0	40.0
La Crosse	19	14	10	1,755	5,939	0.0	11.1
Langlade	17	14	11	1,944	12,747	27.3	36.4
Lincoln[1]	--	--	--	--	--	--	--
Manitowoc	7	3	2	1,976	10,201	33.3	66.7
Marathon	39	28	24	3,002	12,864	23.8	42.9
Marinette[1]	--	--	--	--	--	--	--
Marquette[1]	--	--	--	--	--	--	--
Menominee	32	21	18	2,182	3,586	6.7	13.3
Monroe	13	13	10	2,077	10,406	37.5	50.0
Oconto[1]	--	--	--	--	--	--	--
Outagamie	35	27	20	2,498	17,961	33.3	40.0

W-2 Contractor	Number Who Left W-2	Number Filing Returns	Number Claiming EITC	Average State and Federal EITC	Average Income	Percentage Above Poverty	Percentage Above Poverty with EITC
Ozaukee[1]	--	--	--	--	--	--	--
Pepin[1]	--	--	--	--	--	--	--
Pierce[1]	--	--	--	--	--	--	--
Polk	6	3	2	$2,039	$21,022	66.7%	100.0%
Portage	12	12	10	2,023	9,904	18.2	27.3
Price	8	5	5	3,024	9,138	25.0	25.0
Racine	104	82	68	2,557	11,394	38.6	50.0
Rock	59	31	30	2,341	9,724	17.9	42.9
Rusk[1]	--	--	--	--	--	--	--
St Croix	8	6	5	3,820	19,066	80.0	80.0
Sauk	18	11	7	1,093	5,925	20.0	20.0
Sawyer	26	20	17	2,277	6,997	12.5	25.0
Sheboygan	20	14	9	2,435	21,680	40.0	60.0
Taylor	11	5	5	1,664	9,462	50.0	50.0
Trempealeau[1]	--	--	--	--	--	--	--
Vernon[1]	--	--	--	--	--	--	--
Washburn	8	4	4	4,608	9,549	0.0	33.3
Washington	13	10	9	1,927	9,281	14.3	14.3
Waupaca	9	7	3	790	10,188	20.0	40.0
Waushara	8	6	5	3,167	22,545	80.0	80.0
Winnebago	77	62	47	2,214	15,400	40.4	51.9
Wood	22	6	0	0	21,472	50.0	50.0
Subtotal	1,176	792	650	$2,312	$12,050	32.6%	45.8%
Tribes							
Lac du Flambeau Band[1]	--	--	--	--	--	--	--
Bad River Band[1]	--	--	--	--	--	--	--
Oneida Nation	17	12	12	$3,156	$ 7,802	12.5%	25.0%
Subtotal	17	12	12	$3,156	$ 7,802	12.5%	25.0%
Private Agencies in Milwaukee County[3]							
Employment Solutions	124	72	62	$2,389	$12,929	40.3%	52.8%
Maximus	186	123	101	2,277	12,979	42.3	55.3
OIC-GM	60	27	24	2,041	10,980	33.3	37.0
UMOS	186	113	93	2,275	12,919	33.6	48.7
YW Works	77	35	33	2,200	11,926	31.4	48.6
Other Milwaukee	22	16	16	2,685	9,598	31.3	43.8
Subtotal	655	386	329	$2,291	$12,577	37.3%	50.5%

W-2 Contractor	Number Who Left W-2	Number Filing Returns	Number Claiming EITC	Average State and Federal EITC	Average Income	Percentage Above Poverty	Percentage Above Poverty with EITC
Private Agencies in Other Counties[4]							
Forest—Fwd. Serv.[1]	--	--	--	--	--	--	--
Juneau—W. WI PIC	26	18	17	$2,660	$10,882	18.8%	37.5%
Kewaunee—Fwd. Serv.[1]	--	--	--	--	--	--	--
Oneida—Fwd. Serv.[1]	--	--	--	--	--	--	--
Shawano—Job Center	25	16	8	2,181	14,978	33.3	50.0
Vilas—Fwd. Serv.[1]	--	--	--	--	--	--	--
Walworth—Kaiser	23	17	14	2,850	12,910	50.0	50.0
Waukesha—Curtis	85	72	61	2,370	12,748	34.3	47.8
Subtotal	159	123	100	2,462	12,604	33.7	46.5%
Balance of State[1]	122	64	52	$ 2,300	$10,825	32.0%	43.9%
Total	2,129	1,377	1,143	$ 2,320	$11,988	33.8%	46.7%

[1] In general, when agencies had fewer than eight participants, data are reported under Balance of State to protect participants' privacy.

[2] The Southwest Consortium consists of Grant, Green, Iowa, Lafayette, and Richland counties.

[3] These agencies served six regions in Milwaukee County:

Region I	YW Works
Region II	United Migrant Opportunity Services, Inc.
Region III	Opportunities Industrialization Center of Greater Milwaukee
Region IV	Employment Solutions, Inc., a subsidiary of Goodwill Industries of Southeastern Wisconsin and Metropolitan Chicago, Inc.
Region V	Employment Solutions, Inc., a subsidiary of Goodwill Industries of Southeastern Wisconsin and Metropolitan Chicago, Inc.
Region VI	Maximus, Inc.

[4] Eight counties other than Milwaukee were served by these five private agencies under the initial implementation contracts:

Curtis & Associates, Inc.	Waukesha County
Forward Service Corporation	Forest County Kewaunee County Oneida County Vilas County
Kaiser Group, Inc.	Walworth County
Shawano County Job Center Incorporated	Shawano County
Western Wisconsin Private Industry Council, Inc.	Juneau County

Appendix 14

Returning Participants by W-2 Agency
July 1998 and July 2000

W-2 Contractor	July 1998	July 2000	Percentage Change
Counties			
Adams	1	1	0.0%
Ashland	0	0	--
Barron	1	4	300.0
Bayfield	0	1	--
Brown	4	3	(25.0)
Buffalo	2	4	100.0
Burnett	1	0	(100.0)
Calumet	2	4	100.0
Chippewa	4	2	(50.0)
Clark	0	0	--
Columbia	1	7	600.0
Crawford	0	0	--
Dane	36	156	333.3
Dodge	7	7	0.0
Door	0	5	0.0
Douglas	4	13	225.0
Dunn	2	11	450.0
Eau Claire	7	7	0.0
Fond du Lac	8	8	0.0
Grant—SW Consortium[1]	1	5	400.0
Green Lake	0	2	--
Iron	0	2	--
Jackson	0	0	--
Jefferson	1	1	0.0
Kenosha	15	101	573.3
La Crosse	11	6	(45.5)
Langlade	0	3	--
Lincoln	1	1	0.0
Manitowoc	0	1	--
Marathon	10	8	(20.0)
Marinette	0	0	--
Marquette	1	1	0.0
Menominee	7	6	(14.3)
Oconto	0	1	--
Outagamie	8	17	112.5
Ozaukee	0	1	--
Pepin	0	0	--
Pierce	0	1	--
Polk	3	3	0.0

W-2 Contractor	July 1998	July 2000	Percentage Change
Portage	2	1	(50.0)
Price	5	3	(40.0%)
Racine	25	37	48.0
Rock	8	37	362.5
Rusk	1	1	0.0
St. Croix	0	4	--
Sauk	0	5	--
Sawyer	1	4	300.0
Sheboygan	2	3	50.0
Taylor	2	0	(100.0)
Trempealeau	0	0	--
Vernon	0	1	--
Washburn	0	1	--
Washington	1	4	300.0
Waupaca	0	6	--
Waushara	0	0	--
Winnebago	13	25	92.3
Wood	5	14	180.0
Subtotal	203	539	165.5%
Tribes			
Bad River Band	2	4	100.0%
Lac du Flambeau Band[2]	2	--	--
Oneida Nation	6	5	(16.7)
Subtotal	10	9	(10.0%)
Milwaukee County[3]	361	3,501	869.8%
Private Agencies in Other Counties[4]			
FOV—Fwd. Serv.	2	4	100.0%
Juneau—W. WI PIC	4	10	150.0
Kewaunee—Fwd. Serv.	0	0	--
Shawano—Job Center	6	3	(50.0)
Walworth—Kaiser	3	8	166.7
Waukesha—Curtis	8	24	200.0
Subtotal	23	49	113.0%
Other[5]			
Florence—Fwd. Serv.	0	2	--
Monroe—Wkfce. Conn.	2	8	300.0%
Subtotal	2	10	400.0%
Total	599	4,108	585.8

[1] The Southwest Consortium consists of Grant, Green, Iowa, Lafayette, and Richland counties.

[2] The Lac du Flambeau Band of Chippewa was a W-2 agency through December 1999 but is not a W-2 agency under the current contract.

[3] Data on returning participants are not available for the private W-2 agencies contracted to serve Milwaukee County, but they are available for Milwaukee County in aggregate.

[4] Eight counties other than Milwaukee have been served by these five private agencies. The name of one of the agencies changed from the first to the second implementation period.

Curtis & Associates, Inc.	Waukesha County
Forward Service Corporation	Kewaunee County Forest, Oneida, and Vilas (FOV) counties were served separately under the initial implementation contract and as a consortium under the current contract
Kaiser Group, Inc.	Walworth County
Shawano County Job Center Incorporated	Shawano County
Western Wisconsin Private Industry Council, Inc.	Juneau County (initial implementation contract)
Workforce Connections, Inc.	Juneau County (current implementation contract)

[5] Programs in these counties were administered by county agencies in July 1998 but by the following private agencies in July 2000:

Forward Service Corporation	Florence County
Workforce Connections, Inc.	Monroe County

Scott McCallum
Governor

Jennifer Reinert
Secretary

State of Wisconsin
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March 30, 2001

Janice Mueller
State Auditor
Legislative Audit Bureau
22 E. Mifflin Street, Suite 500
Madison, WI 53703

Dear Ms. Mueller:

Thank you for the opportunity to review and respond to the Legislative Audit Bureau's evaluation of the Wisconsin Works (W-2) program. The Department of Workforce Development appreciates the significant amount of effort invested by the Audit Bureau in completing this report, as well as five other related reports, regarding W-2. The resulting information has been, and will continue to be, of use to the Department in its efforts to ensure continuous improvement in our programs.

The report addresses several aspects of W-2, which is a complex program, making it difficult to comment on the many observations included. I would, however, like to offer the following observations about its key findings. The information is intended to provide additional background regarding W-2 as it exists today, recognizing that the program has evolved, and will continue to evolve, as we gain experience with this pioneering effort.

Indicators of Program Effectiveness

The report discusses W-2's success in light of two benchmarks: the extent to which participants have achieved economic self-sufficiency and the extent to which former participants return to the program. What should not be overlooked in considering the observations included in the report is the fact that W-2 was designed as, and continues to be, a stepping stone into the workforce for families with barriers to full employment. W-2, by itself, may not lead to self-sufficiency. W-2 is, however, designed to assist families in their efforts to take the first step toward self-sufficiency by engaging families in the world of work.

Information included in the Audit Bureau's report bears out the success that has been achieved to date. According to the Audit Bureau, the average annual income, including state and federal earned income tax credits, of its sample of former W-2 participants was $14,308 in 1999. In comparison, a family of three receiving Aid to Families with Dependent Children (AFDC) would have received $6,204, while the annual cash grant amount under W-2 would have been at least $7,536. Clearly, this is progress.

In addition, a large portion of these families has the benefit of the necessary in-work supports to promote further efforts to achieve self-sufficiency. The report discounts the value of these in-work supports to former participants, as well as other low-income families, but they are critical to supporting the transition into the world of work. Currently, 40,000 families with children receive food stamps, almost 340,000 families receive Medical Assistance, and 22,500 families, with approximately 40,000 children, receive child care assistance.

SEC-7792-E (R. 02/2001) File Ref:

Are families that rely on these in-work supports self-sufficient? No. Are they on their way to achieving self-sufficiency? Yes.

The fact that participants return to W-2 reflects a basic underlying philosophy of W-2 rather than a failure of the program or of the program's participants. This philosophy is that it is more desirable to go out and gain work experience, whether the job is temporary or expected to be permanent, than to not work at all. The system is designed to support an individual as he or she progresses on the road to self-sufficiency and is available on an "as needed basis." Thus, W-2 agencies encourage their participants to return for more help if the job doesn't work out or if additional assistance is needed. The fact that participants do return indicates the establishment of a strong system of supports upon which families can rely when they need assistance in their efforts to achieve self-sufficiency.

In considering the program's effectiveness, I believe we need to keep in mind that after only three and one-half years since W-2's statewide implementation, Wisconsin has made significant strides toward eradicating the legacy of AFDC and in assisting families in their efforts to achieve economic self-sufficiency. We recognize, however, that while the initial connection to the workforce breaks the cycle of dependence on cash assistance, it does not accomplish full sufficiency. This is a laudable goal and is the continuing focus of the program.

Program Expenditures

The report provides a significant amount of information about program expenditures. I would like to make several observations about the information provided, including some of the historical information.

First, while accurate, the information about the "profits" generated under the first implementation contract does not recognize that, unlike most public sector contracts, the contracts with the W-2 agencies required the agencies to assume a substantial risk. Rather than being reimbursed simply because they spent money, the contracts required agencies to provide services to all eligible persons within the sum-certain funds provided. The W-2 agencies were expected to perform within established budget limits and the measure of performance under the contracts was moving people from welfare to work. Given the uncharted territory into which these agencies, public and private, were entering, the contracts were structured as reasonably as could be expected.

However, with additional experience and as noted in the report, the Department moved away from the structure of the initial contract toward a more sophisticated model of assessing performance. This model is reflected in the 2000-2001 contracts, which include performance requirements each W-2 agency must meet. Performance bonuses will only be awarded based on achievement of these benchmarks, none of which are directly tied to caseload reductions.

Second, it should be noted that the decrease in the cash benefit caseload has led to substantial benefits for the state as well as for localities. The decline in the cash caseload has meant that funds are available to support expanded services for low-income families as well as other services. At the state level, these funds have been invested in a variety of activities, including community youth grants, the Early Childhood Excellence Initiative, literacy programs, services for domestic violence victims, and nutritional programs.

Local investments have also been made as a result of the first contract's structure. Several examples of these are included in the report, some of which reflect investments in other than direct services and include offsetting county tax levies and enhancing computer networks. Clearly, the funding that was made available as a result of the reduction in cash caseloads has been of benefit to the taxpayers throughout the state and should not be considered money ill spent.

Third, because there has been some confusion on this topic, it is important to note the Audit Bureau's finding that administrative costs have been less than 10 percent during the life of the program. This level of expenditures is significantly less than the 15 percent cap established by federal law.

Finally, in discussing program expenditures, the report references the Audit Bureau's previous findings regarding unallowable and questioned costs in the context of the right of first selection. The Department plans to implement the Audit Bureau's recommendation in this area, which supports the actions we have taken to date to establish additional standards regarding eligibility for the right of first selection.

Sanctioning Participant Benefits

The report identifies limited situations in which participants may have been inappropriately sanctioned and thus suffered a loss of benefits under the program. Although the Department has provided the W-2 agencies with guidance regarding the sanction process, we are concerned about the audit's findings. While the audit indicates we have already taken steps to address the issue, I would like to outline further the steps taken to address this situation.

First, we are examining all sanctions applied to W-2 participants since W-2 started and are highlighting cases where the sanction appears to be questionable. We will give to the appropriate W-2 agency a list of all questionable sanctions and require that each agency investigate the sanction to determine its appropriateness, reimburse the family if the sanction was not legitimate, and provide the Department with information about the final resolution.

Second, we have established a workgroup that is taking a comprehensive look at how sanctions are processed to determine what modifications to our automated processes may be necessary to ensure that inappropriate sanctions are not made in the future.

Third, we are developing a clarifying policy on the use of sanctions and plan to reinforce the proper sanction policy with all W-2 agencies immediately.

Finally, as recommended, we will report to the Joint Legislative Audit Committee by September 1, 2001, regarding the results of our review, how participants who had been inappropriately sanctioned were compensated, the procedures established to prevent inappropriate sanctions in the future, and plans for ongoing monitoring of the situation.

In addition, although not related to the report's findings about sanctions, we will be implementing the recommendations included in the report regarding trial job participants.

Performance Standards

As noted in the discussion regarding program expenditures, the Department's development of performance standards under the W-2 contract has been evolutionary. At the time the program was implemented, there was very little indication as to what to expect in terms of how the program would unfold. With additional experience, we developed a series of measurements designed to evaluate program outcomes. These measurements are included in the current contract.

We are also continuing to modify the agency performance standards, as discussed in the report. The Department's proposed performance standards for the 2002-2003 contract period were subject to public review and comment over the past several weeks, with the public comment period closing on Friday, March 23, 2001. The proposed performance standards build on those that currently exist and add additional components, including components related to customer satisfaction, case management, and agency accountability. As with the development of the standards in the current contract, the proposed standards reflect the state's increased experienced with the program, as well as enhanced use of available data.

We will be reviewing each of the public comments received regarding the performance standards and making modifications as appropriate, based on these comments. Therefore, we will be able to report to the Joint Legislative Audit Committee by May 31, 2001, regarding future performance standards, as recommended in the audit.

Contract Oversight

The report outlines several concerns regarding program oversight, particularly in Milwaukee County. As I have stated before in response to previous audits, the Department has invested a significant amount of effort in this area over the past year. While programmatic oversight has been ongoing, I would like to take this opportunity to again reiterate the steps we have taken in the area of financial oversight. These steps include:

- conducting a comprehensive review of all financial policies and procedures for W-2 agencies to ensure expectations of prudent fiscal management are clearly outlined;
- hosting fiscal roundtables across the state to ensure all W-2 agencies know what expenditures are appropriate and to clarify expectations;
- developing additional requirements for certain expenditures that would need prior approval by the department; and
- updating audit guidelines to include specific requirements on sample size and scope, with expanded sampling required when unallowable costs are identified.

We have also been working aggressively with Private Industry Council of Milwaukee County to ensure the appropriate level of oversight is being provided in the Milwaukee area, in conjunction with the efforts of our Milwaukee Regional Office staff.

Future Considerations

In considering the future, the Department does not believe that the success of the program in moving families from welfare to work means our work is finished. We believe the efforts of the program must now turn toward ensuring that once the connection to work is made, that the connection is sustained and that advancement is accomplished. At the same time, however, the core of W-2 must be maintained and efforts must be made to ensure those with multiple barriers are served.

The report discusses each of these, as well as other, issues. The Department welcomes the discussion included in the report, as we have been grappling with these same issues in our own consideration of W-2's future. As part of our efforts, the Department commissioned a series of White Papers, designed to develop a framework through which some of the questions most relevant to our continuing success could be addressed. The topics of these White Papers include the changing nature of the caseload, supporting job retention and advancement, addressing the needs of the hardest to serve, integrating non-custodial parents into the family, and breaking the cycle of dependency.

Based on our efforts to date, the Department had adopted a three-pronged approach to the future of W-2.

First, we are focusing on retention and advancement. To a great extent, these efforts look beyond W-2 to other programs housed within the Department. These programs include:

- Workforce Attachment and Advancement (WAA) - WAA is a Wisconsin-specific program funded with TANF funds. WAA provides funding to W-2 agencies and Workforce Development Boards (WDBs) to develop innovative employment retention and advancement strategies for the TANF eligible population. The primary objective of the program is to promote upward mobility through training that prepares persons for higher-paying employment. WAA participants are not required to have received cash assistance under W-2; eligibility is based on income.

- Welfare to Work (WtW) - WtW uses TANF funds, funneled through the U.S. Department of Labor to local WDBs and providers, to provide job placement, training, and post-employment services to long-term TANF recipients and non-custodial parents of children receiving TANF assistance.

- Workforce Investment Act - Title I (WIA) - WIA funding is administered by Wisconsin's 11 WDBs. The full array of employment, training, and education-related training programs are to be coordinated through a unified planning process, with services provided at the local level through a one-stop delivery system.

Our efforts to integrate these programs along with W-2 into a seamless delivery system designed to meet the needs of all workers, including low-income, led to the merger of the former Divisions of Economic Support and Workforce Excellence into the Division of Workforce Solutions. We believe that low-income workers need a workforce solution, not a welfare solution, when they encounter difficulties in their efforts to achieve self-sufficiency.

Second, we believe that workforce connections and reconnections must continue to be made through W-2. W-2 should continue to be the "door" through which a person becomes a member of the world of work. This does not, however, mean that consideration cannot be given to issues related to service delivery, many of which are outlined in the report. It does mean that W-2 should continue to be the stepping stone into the workforce for families with barriers to full employment.

Third, we are focusing on addressing the needs of the hardest to serve and those with more difficult barriers to entering the workforce. In particular, we have invested a significant amount of time and effort, in conjunction with the W-2 Contract and Implementation Committee, designing policies and procedures regarding those who are approaching the 60-month time limit. In large part, our efforts have built off of our experience in working with participants who have approached their 24-month time limits.

Our overall goal in this area is to recognize that some people do have more barriers to overcome than others do and that more intensive case services will be needed for these purposes. We will not, however, sell any family short by "setting them aside." We will require continued aggressive case management on the part of the W-2 agencies.

The report specifically addresses three areas of concern in this area: assessing barriers to employment, addressing the needs of participants nearing eligibility limits, and considering future program modifications. Given our own interest in the topics addressed, we will implement the recommendations included in this section of the report regarding the assessment of barriers and report to the Joint Legislative Audit Committee by September 1, 2001, regarding issues relating to the 60-month time limit.

Overall, we agree with the Audit Bureau that W-2 is at an important crossroads in its development. While this crossroads provides us with an opportunity to reflect on our accomplishments, it also requires us to consider the challenges we must face in the future. The information included in the report provides a basis from which we can work together to further promote the goals of the program. We look forward to working with the Legislature and other interested parties to continue the evolution of the program and build on the success that has been achieved thus far.

Again, thank you for the opportunity to respond to the audit as well as for the professionalism of your staff throughout the audit process.

Sincerely,

Jennifer Reinert
Secretary